Daily Report

Latin America

FBIS-LAT-94-003
Wednesday
5 January 1994

Daily Report
Latin America

FBIS-LAT-94-003 *5 January 1994*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

CARIBBEAN

Cuba

Havana Reports On Incidents in Chiapas, Mexico *[Havana Radio]* 1
Castro Interviewed in Santiago de Cuba *[Havana TV]* 1
Ambassador to Brazil Denounces CIA Reports *[Havana Radio]* 2
Commentary Reviews Year, Predicts New Challenges *[Havana Radio]* 2
Speculation, Theft of Food Discussed *[Havana Radio]* 2
Criminal, Judicial Action Reported 21 Dec-27 Dec *[Havana Radio, TV]* 4
Economic Activity Reported 24 Dec-4 Jan *[Havana Radio, TV]* 4
TRABAJADORES Editorial on Economic Issues *[Havana Radio]* 5
Robaina Meets With CTC Leaders *[Havana Radio]* 6
Colombian Health Minister Comments on Visit *[Havana TV]* 6
Troops Help in Harvest *[Havana TV]* 7
Japanese Tourism Delegations Praise Cuban Social Justice *[Havana Radio]* 7
'Labiofam' Enterprise Helps Patient Recovery *[Havana TV]* 7

Haiti

Conflict With Deputy Leaves Three Victims *[Port-au-Prince Radio]* 7
Cedras on Independence, National Debate *[Port-au-Prince Radio]* 8
Calls for 'Ample Dialogue' *[AFP]* 8
Former President Manigat Views Situation *[Port-au-Prince Radio]* 8

MEXICO

Chiapas Crisis

Army Reinforces Chiapas State Capital *[Madrid EFE]* 9
EZLN Rebels Plan Long-Term War *[Hamburg DPA]* 9
Radio ACIR Roundup on Chiapas Situation *[Mexico City Radio]* 10
Rebels Up Close En Route to Ocosingo *[Mexico City TV]* 10
'Sources' Disclose Increased Clashes *[Madrid EFE]* 11
Clashes Continue *[Mexico City TV]* 11
Fighting Near Capital Denied *[Mexico City TV]* 11
Defense Secretariat Communique *[Mexico City TV]* 11
Indian Peasants Flee Communities Due to Rebels *[AFP]* 12
Rebels Said To Partially Retreat *[AFP]* 12
Air Force Planes Bomb Hill in Outskirts of Town *[AFP]* 13
Town Under Civilian, Military Control *[NOTIMEX]* 13
Army Expels Rebels From Altamirano; 121 Dead *[Madrid EFE]* 13
Guatemala Not To Permit Incursions *[Mexico City Radio]* 14
Government Denies Guatemalan Participation *[Mexico City TV]* 14
Bishops Conference Communique on Events *[Mexico City Radio]* 14
Bishop Spotlights Army's Alleged Executions *[AFP]* 15
Salvadoran, Honduran Presidents To Visit 7 Jan *[AFP]* 15
Development Secretary in Chiapas for Roundtable *[Mexico City TV]* 15
Political Parties React to Chiapas Conflict *[Mexico City TV]* 16

CENTRAL AMERICA

Costa Rica

Roundup of Economic Developments Through 4 Jan *[NOTIMEX, etc.]* 17

El Salvador

President on Arms Shipment to Guatemala, Events in Mexico *[San Salvador Radio]* 17
President Might Travel to Mexico To Help Solve Crisis *[AFP]* 18
Ex-Guerrilla Group Rejects Links With Rebels in Mexico *[AFP]* 18
Roundup of Economic Developments Through 3 Jan *[LA PRENSA GRAFICA 29 Dec, etc.]* 18

Guatemala

Vice President Cites Benefits of Events in Chiapas, Mexico *[PRENSA LIBRE 4 Jan]* 19
Foreign Minister Comments on Mexican Events *[Guatemala City TV]* 19
URNG Says Talks To Begin; Reaction to Chiapas State Events *[Madrid EFE]* 19
Roundup of Economic Developments Through 3 Jan *[PRENSA LIBRE 28 Dec, etc.]* 20

Nicaragua

Daniel Ortega Sends Congratulatory Letter to Cuba's Castro *[BARRICADA 2 Jan]* 20
Sandinists To Hold First Special Congress on 20 May *[BARRICADA 2 Jan]* 21
UNO Expels Confidence Party, Christian Party From Ranks *[Managua Radio]* 21
Roundup of Economic Developments Through 3 Jan *[Hamburg DPA]* 21

Panama

Roundup of Economic Developments Through 3 Jan *[Panama City TV, etc.]* 21

SOUTH AMERICA

Argentina

President Criticizes Radicals, Press *[NOTICIAS ARGENTINAS]* 23
Economy Minister Forecasts Economic Growth in 1994 *[NOTICIAS ARGENTINAS]* 24
Cost of Services Higher Than Inflation Since April 1991 *[BUENOS AIRES HERALD 4 Jan]* 25
* UIA Demands Postponement of Mercosur Until June 1994 *[CLARIN 30 Nov]* 25

Bolivia

Foreign Ministry Responds to U.S. Complaint About Pardons *[LA RAZON 21 Dec]* 26
Justice Poppe Calls President 'a Gringo Made in Bolivia' *[La Paz Radio]* 27
Government Minister Interviewed on Fight Against Drugs *[PRESENCIA 22 Dec]* 27

Brazil

Finance Minister Cardoso, Britto To Run for President *[FOLHA DE SAO PAULO 3 Jan]* 29
Finance Minister Cardoso 'Optimistic' About 1994 Economy *[O GLOBO 1 Jan]* 29
Official Views Budget Design, Cuts *[O GLOBO 1 Jan]* 30
* Franco Narrows Field for New Cabinet Members *[CORREIO BRAZILIENSE 5 Dec]* 31
* Cardoso Seen Natural Candidate at PSDB Convention *[CORREIO BRAZILIENSE 5 Dec]* 32
* Fleury Names Possible PMDB Candidates *[CORREIO BRAZILIENSE 4 Dec]* 32
* Businessmen, Military Discuss Political Crisis *[GAZETA MERCANTIL 9 Dec]* 33

Colombia

LA PRENSA Reports U.S. Troops To Install Radar Sites *[AFP]* 34
Gaviria Denies Soldiers Building Base *[Madrid EFE]* 34
* Poll Surveys Attitudes Toward Escobar's Death *[EL TIEMPO 5 Dec]* 35

Roundup of Economic Developments *[Hamburg DPA, etc.]* 36

Ecuador

Tribunal Announces Legislative Elections 1 May *[AFP]* 36
Officials React to Febres-Cordero's Statements *[Quito Radio]* 37

Paraguay

Defense Minister Upholds President's Right To Veto *[NOTICIAS 3 Jan]* 37
Senate Official Criticizes Wasmosy, Successive Vetoes *[ULTIMA HORA 3 Jan]* 37
Opponent Says Government Misjudges Current Process *[ULTIMA HORA 3 Jan]* 37
Executive Branch Vetoes Laws But Not Proposing Any *[NOTICIAS 3 Jan]* 38
Army Commander Reaffirms 'Absolute Loyalty' to President *[NOTICIAS 3 Jan]* 38
Wasmosy, Colorado Party President Disagree Over Antelco Dismissal *[Asuncion TV]* 38
Executive Branch Confirms Gonzalez Rojas' Retirement *[NOTICIAS 2 Jan]* 39
Lower Military Ranks Want Defense Minister Replaced *[ABC COLOR 4 Jan]* 39

Peru

* Potential 1995 Presidential Candidates Viewed *[SI 5 Dec]* 40

Uruguay

Lacalle Optimistic About Mercosur, Pessimistic About Europe *[Madrid EFE]* 43

Venezuela

Nine Inmates Die in Aragua; 40 Escape From Tocoron Jail *[Caracas TV]* 44
Prison Riot Leaves 105 Dead; Justice Minister Comments *[Caracas TV]* 44
President Guarantees Rights to Coupists in Exile *[Caracas TV]* 45
Roundup of Economic Developments Through 4 Jan *[Madrid EFE]* 45

Cuba

Havana Reports On Incidents in Chiapas, Mexico

FL0301215594 Havana Radio Reloj Network in Spanish 2035 GMT 3 Jan 94

[Text] Some 48 hours after an armed uprising in Chiapas State, Mexico, there are 56 dead and 43 wounded. According to official reports, problems continue in the five municipalities occupied during the early hours of 1 January by the Zapatista Army of National Liberation. The occupied municipalities are: San Cristobal de las Casas, Chanal, Ocosingo, Altamirano, and Las Margaritas. EL TIEMPO, a Chiapas State newspaper, also reports that the Zapatists also control Guadalupe, (Tepeyac), (Ochuc), and Huixtan, towns which are located near the border with Guatemala.

According to official information gathered by PRENSA LATINA at the Chiapas State Attorney General's Office, the National Defense Secretariat and the government have reported that to date six soldiers, 24 policemen, 24 rebels, and two civilans have been killed.

PRENSA LATINA has provided a summary of all that has happened to date in Chiapas State. In San Cristobal de las Casas, the clashes between the Zapatista National Liberation Army and government troops have resulted in $1 million in damage. The rebels attacked a nearby jail and released more than 100 prisoners. They also attacked a garrison.

Approximately 300 rebels habe placed Ocosingo under siege and it is reported that they have looted the town and committed rape.

Seven policemen were killed in Altamirano and two were wounded.

Las Margaritas townhall was occupied by 200 rebels who are demanding an end to poverty among the indians.

Castro Interviewed in Santiago de Cuba

FL0401020494 Havana Cuba Vision Network in Spanish 2320 GMT 3 Jan 94

["Excerpt" of interview with President Fidel Castro by unidentified reporters in Santiago de Cuba on 1 January—recorded]

[Text] [Reporter] I am from Santiago de Cuba and I, like my people, recently experienced the same difficult times other eastern provinces experienced. Have you been able to learn what is being done? What aid has the country received from the international community?

[Castro] Not much here in Santiago de Cuba. The country provided the money needed, especially to rebuild homes, repair mattresses, to give the people back what they lost, to purchase cement. Almost all has been done with money provided by the country. Much has been done in Guantanamo, the most affected province, Sagua, and Santiago. Guantanamo was strongly affected by the rains. Just imagine what it was like to have 700 millimeters of rain fall on the area in 36 hours. This happened in one municipality. It was tremendous. If affected the coffee, tuber, and orchard crops. However, the storm of the century caused more damage than these rains. The storm of the century affected many provinces. However, this recent storm caused much damage in Guantanamo. It destroyed thousands of homes.

[Reporter] Years ago you made a speech at Cespedes Park. You said that there was much for the Revolution to do in the future. At that time, you said that the people had all their hopes set on the rebel army and on you. However, you told them you did not want to be a demagogue and admitted that difficult times lay ahead. A few minutes ago you repeated those words.

[Castro] When I entered Havana on 8 January, I stressed that even more. I warned the people that even more difficult times lay ahead. I told the people that.

[Reporter] And you have repeated those same words today.

[Castro] I did. Being a demagogue would be lying to the people. It would be a lie to tell the people that the problems are small and that the path ahead is an easy one to travel.

[Reporter] Comparing....

[Castro, interrupts] We are enduring a test no other country has ever endured. We are the only country to endure it; it is a tremendous test.

[Reporter] In your opinion, [words indistinct] the Revolution?

[Castro] As if we were starting all over again. The struggle is much harder, but we have more people who are more revolutionary, more aware, better prepared. This revolutionary contingent must win this battle. It is better prepared and more aware. No other country in the world has waged a battle as difficult as the one Cuba has waged. We have been resisting the empire for the past 35 years. That is an unheard of prowess. We do not really realize what this has meant, what victoriously resisting the United States for the past 35 years has meant. The United States is trying to take advantage, opportunistically take advantage of the fact that the socialist bloc has disappeared. The most extraordinary thing is that despite the disappearance of the socialist bloc, we continue to challenge the United States and continue to wage our battle. This is a first in the history of Cuba. I have no doubts that this generation is waging the most difficult and most heroic battle in Cuba's history. You, all of you, are waging this battle.

[Reporter] Tell us how you spent the last day of the year.

[Castro] I spent the last day of the year meditating a bit about today's event. I rested. I rested on the last day of the year. It was a hectic and tiring month; I was tired. I

knew that I had to be here today, that I had to come here today. I spent almost the whole day reading, but I was reading about other things. I read about economics and international matters. I also read a bit of fiction. What I did was rest. At midnight I went to visit some friends.

Ambassador to Brazil Denounces CIA Reports

FL0501005494 Havana Radio Rebelde Network in Spanish 0000 GMT 5 Jan 94

[Text] To defend the whole truth about Cuba is the equivalent of protecting the sovereignty and independence of Latin America. This has been stated by Cuban Ambassador to Brazil Jorge Bolanos in an article published by JOURNAL DO BRASIL, entitled "The Truth About Cuba." Bolanos denounces the fact that the CIA, just days ago, once again issued apocalyptic reports about Cuba. He stressed that it is not the first time that the CIA has done something like this against Cuba. He gives as an example the failed Bay of Pigs invasion and the predictions about of the fall of the Revolution, which is today more solid than ever.

Commentary Reviews Year, Predicts New Challenges

FL3112151093 Havana Radio Rebelde Network in Spanish 1255 GMT 31 Dec 93

["Our Opinion" commentary by Ariel Larramendi]

[Text] The year is coming to a close and according to political and government leaders: This has been the most dangerous and difficult year we have ever faced in the history of the Revolution. I think, and this is my personal opinion, that the new year will not fail to be tense, dangerous at times, and full of difficulties. However, we observe its arrival, having gained something like a special-period culture. We sense or know what are the traumatic aspects of the complex picture ahead and, above all, see our goal more clearly. However, we still have to more clearly define the paths to reach that goal.

The deadlines set by the power centers of the empire for the collapse of the Cuban project have passed. Here we are. The country has not become an anarchy, nor have centrifugal forces prevailed. What prevailed is political tradition in the face of so many highly diverse factors of disintegration; those having to do with our economic ties abroad are already known, and those generated by the domestic economic crisis we had to face. However, here we are.

One of the challenges that I see in the new year is that of participation, either that of labor groups in the management of enterprises or that of citizens in general in the People's Government bodies. Anyway, what is taking place in Cuba is a participatory democracy. I believe that previously, the participation of diverse sectors of the population in the decision-making process was somewhat detached due to the state's basically paternalistic, vertical relationship, which limited the participation of the people in the process of defining and solving problems.

What is being advocated now is basically a different participation. The Cuban people need a readjustment of the so-called pattern of accumulation, based on higher levels of efficiency and the intensive use of our human and material resources. In order to achieve this qualitative leap, the Cuban people must increase their participation in a more conflicting stage, and free of the state's paternalism. The state itself is relinquishing its role as regulator in certain economic fields and at the same time, the people's autonomy is increasing while becoming more complex as the result of new ideas and performers in the life of the country. This process, which is already taking place and will continue to develop in the future, is supported by a certain experience and knowledge. Nothing will startle us. We will be here.

Speculation, Theft of Food Discussed

FL0101015094 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Dec 93

[Straight Talk program, hosted by Juan Carlos Roque Garcia]

[Text] [Garcia] Greetings friends. Here is another edition of "Straight Talk" today, Tuesday [21 December], this time from Santiago de Cuba Province—specifically, from the Radio Rebelde studios here in Santiago de Cuba Province.

With us are journalists Dania Sanchez Parra of the National News Agency [AIN]; Mario Romaguera, a reporter from the SIERRA MAESTRA newspaper; and Carlos Sanabria Marrero, a Radio Rebelde journalist here in Santiago de Cuba. The topic: speculation and the theft of food products. And, like we promised, as of today we will refer to the letters of several listeners.

We begin with a letter from Ramon Sarmont Martinez who lives here in Santiago de Cuba. He specifies that the people who steal big quantities do not do it because they are hungry. They do it because they want to get their hands on thousands of pesos in just a few days. He adds: Nor will we side with those who reach agreements with the people in the small produce markets to later sell the sacks of potatoes, boniato, or yuca on the black market. We know that there is a big tangled mess behind all this. Meanwhile, other small produce markets are empty.

The discussion is now open, here on the Straight Talk program, in Santiago de Cuba. Carlos Sanabria Marrero.

[Sanabria] Well, I think this listener from Santiago de Cuba is very correct in what he has said to the Straight Talk program. I think, Juan Carlos, that indeed the products, mainly agricultural, are lost and diverted from the very moment they come out of the fields, off the farm, and during the moving of the products by the State Collection Enterprise from the fields to the central

warehouse. From that point, there is another redistribution to the different markets by cart, as it is being done here in Santiago de Cuba.

During that whole process the products are being diverted. Logically, one market could be affected more than another, and then there is this resale at exorbitant prices which hurts and irritates the population. One could even encounter a situation where when one gets to the market the staples that correspond to one's needs are lacking. Where did these products end up? Who took it? It was not the consumers, but the people involved in this task and many administrators, as this listener has stated.

[Roque] Listener, Ruben Sarmont Martinez presents a situation that could be seen from Santiago de Cuba's particular point of view. But I must say that is something that happens throughout the country. It is a situation that repeats itself in the other provinces. Nevertheless, from this letter, we can see the problems that exist due to the speculation on and theft of food products.

Dania Sanchez Parra from AIN is here with us in Santiago de Cuba Province.

[Sanchez] Yes Roque, I agree with this listener. He said that most of these thefts do not respond to a true need of the person who commits the crime. It is greed and the desire to get rich quick. I would like to focus on something Sanabria said: This is a chain. The chain begins from the source of these products or their arrival at the port, through the distribution network, until it reaches the market. This greatly damages the economy. It is a great loss. The losses are not as few as they appear. It is a chain and each link's role is very important.

[Roque] Analyzing this, we could probably conclude that on one hand you have theft, but what are the causes? Hunger? There also is a lack of control. There also is negligence by the responsible authorities. We are going to continue discussing this topic here on Straight Talk, directly from Santiago de Cuba.

[Roque] Our guests on this occasion are Dania Sanchez Parra, from AIN; Mario Romaguera, a reporter from the SIERRA MAESTRA newspaper; and Carlos Sanabria Marrero, a reporter from Radio Rebelde here in Santiago de Cuba.

We continue with our debate: Speculation and the theft of food products. Mario Romaguera.

[Romaguera] I agree with the listener in all his points. I have experience in this area as a reporter. On several occasions, I have denounced the sale of food products in Santiago de Cuba, products that are produced by local industries, such as bread, sausages, marmalade, and a series of other products. These activities go on the streets of Santiago de Cuba in the area of Central Street between Street No. 4 and the bus station. This area includes two areas with a large flow of people in addition to people going to the provincial hospital and the maternity hospital.

[Roque] Carlos Sanabria Marrero, we were analyzing the causes, but we must also find, as I said, the reason why these acts take place. Why is there speculation? Is it just because of necessity?

[Sanabria] I do not think it is just necessity. There are many people, as the listeners have pointed out, that do not need to steal or speculate. They do it to get rich and, logically, because the consumer wants the product.

Everyone knows the situation our country is currently going through. I reiterate, I believe the main responsibility lies on those people responsible for making sure these situations do not occur. These products do not have difficulties while they are in storage. The difficulties begin once those products leave the warehouse. We need to make sure those products are reaching their final destination.

We can see this in the situation of the State Collection Agency. Since there still is no control, no one can verify that the products reach their final destination, instead of being diverted and reaching destinations they should not reach. That is where these difficulties come from, problems that irritate the population. When someone tells you that you have to pay 5 pesos for a plantain, which he probably stole from the state, you will probably buy it because of need, but undoubtedly it will end up affecting you, your family, and the country's economy.

[Roque] This is a topic that has many angles. Listener Maria Geudes Alfonso writes to us: In my opinion, theft and fraud in the sale of products to the population are not just seen on streets and on the black market; it originates in the stores, markets, and restaurants. She adds: I do not wish to be specific, but I think it is necessary that you analyze and talk about this topic so that these shameful things that victimize the consumer and force him to bear and put up with this are known.

We will hear from Dania Sanchez Parra from AIN.

[Sanchez] Yes, when merchandise arrives at its first reception point, before reaching the distribution network, it is already on the black market and there are already possibilities of obtaining it—before the state has made it available to the population. Other factors are negligence and lack of control, evils greatly affecting our economy.

[Roque] How do we combat this? I am sure this is a question that many listeners are asking. Mario Romaguera.

[Romaguera] Juan Carlos, it is evident that the first thing we need is a truly serious corps of inspectors. It is clear that we need a truly serious corps of inspectors.

[Roque] It would be another corps of inspectors, right?

[Romaguera] Yes, another one.

[Roque] When are we going to assign this new group? We have placed inspectors in different areas of the food

industry, agriculture, the collection area, and the whole system, and we still do not have the results we want because these products are still being sold on the black market. This irritates the population who purchase these products out of need. I think it is time to take other measures if we see that the current ones do not have good results.

[Romaguera] Another solution could be the immediate expulsion of those inspectors who allow this to happen and the expulsion of those administrators and workers who divert the goods. I must state that not all workers are bandits who divert resources. There is a network of workers who commit these violations. I say violations, to use a kinder word.

[Roque] We must find a solution. It is evident that this problem cannot continue, especially today when the special period is sharp, with the situation at the end of the year, and the situation of the new year. It is very difficult. No one can make predictions, but we are approaching very difficult times and we must face this. How can we face this situation? Dania could you please comment on this.

[Sanchez] I do not think the solution is to create new mechanisms, because we already have many mechanisms.

[Roque] Too many.

[Sanchez] Yes, many. I would talk about being demanding of those mechanisms, because as you can see we have too many. We are talking about administrators and distributors. We are talking about the role of the inspectors and the receiving units, and I believe there still is much more to be said. I would also say that we need more social action. Everyone has a great responsibility. This task belongs to each member of our society, and it is important that each link of this chain does its part harmoniously.

[Roque] This is an important point, because in this struggle against speculation and theft the people are the main players. It is the people who must face the situation.

[Romaguera] Juan Carlos, people need support. They must be helped. I will give you an example. Many times hamburgers are sold without bread. Then some quack appears on the street— and this is something I have seen for myself in Calvario in front of the Santiago de Cuba funeral home—screaming or chanting: I have hamburgers with bread. Where did he get the bread, especially when the bread used for hamburgers is a special type. How did he get that bread. This is something the SIERRA MAESTRA newspaper has been denouncing in reports I have written, as well as by reporters like Rafael Carela and Jose Ignate. Action needs to be taken in this sense.

[Sanabria] I agree with what you and Dania have stated. I believe a raid should be carried out block by block, where every person knows who is who, where the presidents of the Committees for the Defense of the Revolution [CDR] knows everyone, where the CDR president's neighbor knows his neighbor. I believe that if we combat this from the very base, many of these problems could be eliminated. I believe the battle has to be fought block by block, because when the people fight the battle we win.

[Roque] Dania, we have 30 seconds left in the program.

[Sanchez] Roque, it is not going to be these actions that are going to solve this problem. It will be the systematic efforts and the awareness that we cannot build socialism that way.

[Roque] This has been Straight Talk from Santiago de Cuba. The topic has been: speculation and theft of food products. I thank Dania Sanchez Parra, from AIN; Mario Romaguera, from the SIERRA MAESTRA newspaper; and our journalist Carlos Sanabria Marrero, here in the Radio Rebelde studio in Santiago de Cuba.

Criminal, Judicial Action Reported 21 Dec-27 Dec

FL3012190593

[Editorial Report] The following is a compilation of fileworthy reports on criminal activity and related judicial actions in Cuba carried on Havana radio and television in Spanish between 21 and 27 December.

Radio Progreso at 1200 GMT on 21 December reports on "four citizens sentenced by the Havana Pronvincial Tribunal for stealing." The report says that the thieves stole furniture, electrical appliances, and clothes, which they later sold. The sentenced men are Giovanni Morales Mendez, Ravel Diaz Tamayo, Elio Estrada Alvarez, and Jose Armas Gomez.

Radio Progreso at 1200 GMT on 27 December carries a report on "the people demanding decisive action by all the people against crime that not only affects everyone's property but state resources." The report mentions the case of two men who were caught after stealing and selling powdered milk from a school. Manuel Villamonte Ramos and his brother, Carlos Mojena Ramos, were sentenced to five years in jail.

Economic Activity Reported 24 Dec-4 Jan

FL0401223294

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 24 December and 4 January.

Radio Reloj at 2045 GMT on 24 December reports that Granma Province met its coffee production goal for the present campaign, representing a 15-percent increase over the same period, 1992.

Radio Reloj at 2050 GMT on 24 December reports that the Austrian "Sun Over Cuba" solidarity group sent a donation consisting of a computer, school materials, and

medicine. The donations will be distributed to the Camilo Cienfuegos School and the Rafael Freire Hospital in Holguin. The computer will be sent to the Institute of Solar Energy.

Radio Rebelde at 1255 GMT on 27 December reports that Royal, a Canadian company, has joined the airlines that bring tourists from Toronto, Canada, to Ciego de Avila. Royal is scheduled to fly to Ciego de Avila and Camaguey on a weekly basis.

Radio Rebelde at 1800 GMT on 3 January reports that Villa Clara Province has attained an infant morality rate for 1993 of 6.6 per 1,000 live births.

Radio Reloj at 2043 GMT on 3 January reports that Maria Lucia Ruiz, Havana tour manager in Colombia, last night greeted the first charter flight of Colombian tourists to Varadero. On 9 January, a charter flight from Colombia is to arrive in Cuba.

Radio Rebelde at 1000 GMT on 4 January reports that railway service between Guantanamo Province and the rest of the nation has been restored. Eighty percent of the merchandise going to Guantanamo Province is moved by rail.

The same newscast reports that the Caribe Navigation Enterprise on the Isle of Youth has announced that the number of passenger trips by motorboat between Nueva Gerona and Batabano will be reduced this month because of a lack of spare parts: As of 10 January, there will be two rather than three departures. In order to make up for this reduction in the current transportation program, ships will also depart on Mondays, Wednesdays, and Fridays and return on Tuesdays, Thursdays, and Sundays. "In order to achieve this increase, the ferry Isla de la Juventude, which can carry more than 500 passengers, will be rendered operative."

Radio Rebelde further announces that Matanzas oil workers extracted 814,000 tons of oil in 1993, "which was 81 percent of the program for the period, at the same time setting a national record for crude oil production." Officials of the oil extraction enterprise of Central Cuba said that of a potential 21 million cubic meters of natural gas, just over 15.5 million cubic meters were used, "which shows that the demand for this fuel is still low. Despite failure to fulfill the investment programs difficulties with the system for moving crude oil along the coast by ship, and scarce resources, this enterprise—which produced the greatest amount of oil in Cuba—showed an increase in drilling last year, with 15,500 meters. There are currently 180 wells in the largest oil deposit yet discovered in Cuba. Exploration continues in that zone with a view to increasing its potential and extracting higher- quality oil.

Radio Progreso at 1200 GMT on 4 January reports that Cuban oil workers hope to extract 1.2 million tons of crude in 1994. There are also plans to increase seismic research in 1994 with a view to improving exploration; Cuba hopes to have a much stronger investments program and to begin drilling all over the country. "Four new sites, located in the traditional petroleum areas, also will be opened."

In the same newscast, Progreso's Sanciti Spiritus correspondent reports that the industrial gases factory in Sancti Spiritus has begun making chalk for use in Cuba's schools. The plant engineer notes that most of the chalk in Cuba used to be imported from China and that the chalk being produced in Cuba now is "almost of better quality than the Chinese chalk."

Radio Rebelde Network at 1255 GMT on 4 January reports that Granma Province sugar sector workers have fulfilled the cold-season cane planting plan. They planted almost 437 caballerias; and 10 of the 11 sugar industry complexes met their commitments. Also, "Havana farmers made a big effort in December to catch up as regards the cold-season planting, and they began 1994 with close to 1,500 caballerias planted in tubers and vegetables, which will guarantee the program for February."

Radio Rebelde Network at 1800 GMT on 4 January reports that the "La Victoria de Giron" citrus-producing complex, the largest in the nation, managed to stop the decline in its plantations by the end of 1993 by establishing cooperation in production that facilitated credits for buying fuel and agricultural inputs. This allowed the recovery of approximately 20,000 hectares, which constitute over 50 percent of the complex's lands. In 1993 the complex produced over 7 million quintals of citrus fruits.

In the same newscast, Rebelde reports that 359 high-voltage transformers were recovered in Ciego de Avila Province in 1993. "The work team that specializes in the recovery of that kind of equipment is currently working on rewinding and adapting a group of 160-kilovolt Italian transformers that will be set up at sugar-production complexes in Ciego de Avila and Sancti Spiritus for the current harvest."

In the same cast, Rebelde also reports that a new type of materials-efficient floor tile, sometimes called "the streamlined tile", has been developed by the Construction Materials Enterprise of Sancti Spiritus. Production of this tile allows for practically doubling the amount of surface that can be tiled using the same amount of raw materials. The tile is made with scrap residue from the sugar mills in place of silica and powdered stone. Because of its light weight, this tile also is easier to transport and to lay.

TRABAJADORES Editorial on Economic Issues

FL0301170994 Havana Radio Reloj Network in Spanish 1502 GMT 3 Jan 94

[Text] The 3 January editorial of the newspaper TRABAJADORES points out that the currency excess, caused mainly by the continuous, growing budget deficit,

is today the Cuban family's main worry. The article adds that the sudden weakening of the Cuban economy from external factors has been reflected in a drop in individual consumption and the loss of the purchasing power of salaries which, in many cases, are partially alloted to buying on the black market, where they are also losing value due to an increase in prices. Upon the collapse of our import capability, production dropped in a descending spiral while the peoples' salaries and state expenses remain more or less stable, thus weakening financial balance and the motivational aspect of salaries.

The time has come to begin putting order into domestic finances and directing the people's efforts toward a harmony between state expenses and income, while implementing actions to reduce the excess currency in circulation. As always in our society, the workers are the ones who can contribute most to solving these urgent problems because no measure or series of measures could hope to succeed unless it has the workers' support. We are convinced that the measures should be taken slowly, not only because of their technical complexity and the need to understand the problems more deeply, but also because they should be the future basis of a true national consensus without losing track of the Cuban nation's foundation of social justice.

The TRABAJADORES editorial stresses that while we are grateful for the serene, democratic speed of the decision-taking process, we are calling all workers and union movements to action because much can already be done to promote financial balance and to fight the causes and consequences of imbalance. First of all, we have to preserve the value of work. The editorial adds that as Commander in Chief Fidel Castro has repeated, Cuban workers are demonstrating the value of honor and revolutionary and patriotic awareness as they challenge, day to day, all kinds of difficulties in fulfilling their labor tasks.

It is unquestionable that the immense majority of Cuban workers have placed their commitment and honor above the material factors that affect work motivation under the present circumstances. Let us maintain and improve discipline and the commitment to do more with the available resources in every work center. This will be an immense contribution to the solution of the financial problem, which in the end will be solved through more production and work. Let us fight everywhere the absurd habit of spending certain allocations unjustifiably just to ensure a similar allocation in the next budget cycle. Let us reject, with renewed energy, inefficient work, particularly where there is a sure capacity to produce.

In a proletariat society, the state develops and manages the budget with the same principles that a united family manages its own budget. The editorial adds that there is no sacrifice that is not good for everyone when it ensures the wellbeing of all. It adds: just as a family cannot nor ought to spend more than it earns, our state is also compelled to follow that strict economic logic. Presumably, the path to financial order and discipline will not be short nor easy, but everything being done will help us during hard times, and will better prepare us to accept any positive events that will result as the unavoidable reward of so much effort.

Robaina Meets With CTC Leaders

FL0401024394 Havana Radio Rebelde Network in Spanish 0000 GMT 4 Jan 94

[Report by (Orestes Eujelles)]

[Text] Good evening, Radio Rebelde listeners. The efforts that the trade union movement can make to contribute to the development of Cuban foreign policy was stressed by Foreign Minister Roberto Robaina at a meeting of the Cuban Workers Federation [CTC] National Secretariat held today in Havana. Foreign Minister Robaina said that when Cubans visit other countries they become worthy representatives of the country's foreign policy and can talk about the situation experienced by the island. During his meeting with high-ranking CTC leaders, Robaina also broached other topics related to the ministry he heads and to the excellent displays of world solidarity with Cuba. Regarding diplomatic relations with Latin America and the Caribbean, Robaina said that these are very good and that there are plans to consolidate them even further.

During the CTC National Secretariat meeting, CTC Secretary General Pedro Ross Leal said that it is necessary for every union leader to discuss and analyze the current situation with the workers. He said that the union leaders should strengthen his ties with the workers. Ross Leal said that it is indispensable for all union leaders to find out how the workers feel about the current problems and to explain and clarify these for them, thus avoiding uncertainties. The CTC leader said that the union leaders must be aware of problems at the centers and try to solve them without waiting for directions.

Colombian Health Minister Comments on Visit

FL0401030894 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 4 Jan 94

[Text] Colombian Public Health Minister Juan Luis Londono de la Cuesta is currently visiting Cuba. The minister and the delegation accompanying him will visit approximately eight health and research centers. Minister Londono today met with the Cuban Public Health Ministry directorate and Foreign Minister Roberto Robaina. Public Health Minister Londono told this newscast that his visit to Cuba is to:

[Begin Londono recording] Try to find channels for commercial trade that will allow us to improve our commercial relations between Colombia and Cuba and take advantage of the outstanding work you have developed in the field of health. We are going to try and gain knowledge of your contribution in the fields of pharmaceuticals, primary health care, and hospital care. We are

trying to learn more and take advantage of the experience you have in these areas. [end recording]

Minister Londono also talked about the public health situation in Colombia.

[Begin Londono recording] In Colombia we have several problems. Perhaps the most important achievement is our reduction in the morbidity and mortality rate in transmitted diseases which are typical because of the poverty. We have been able to reduce these diseases considerably in the past 15 years. However, we are now, unfortunately, being affected by the trauma of violence in the country. More people are getting killed in Colombia than in any other country of the world. Not only are more people getting killed but the hospitals are constantly treating more and more wounded people. This has completely changed [words indistinct]. [end recording]

Minister Juan Luis Londono and the delegation accompanying him will return to Colombia on 11 January.

Troops Help in Harvest

FL0501000894 Havana Cuba Vision Network in Spanish 2320 GMT 4 Jan 94

[Text] Pinar del Rio workers expect good results from the efforts of the Revolutionary Armed Forces in the tomato harvest. The more than 1,500 soldiers of the Western Army that have participated to date in agrarian work in Los Palacios complex have demonstrated once more that with organization and discipline results are marked by efficiency. The chiefs, soldiers, cadets, Camilitos, and civilian workers that since 2 November have been tackling the tomato campaign have attained a production per weight cost of less than 30 cents.

Colonel Arcangel Gonzalez Esteves, chief of the military unit 35th Anniversary of the Revolution, explained that at the peak of the harvest—February and March—there will be over 2,000 members of the Western Army in the fields in Vuelta Abajo. By then, the total number of participants in the entire mobilization campaign will have been more than 5,000 men and women.

Japanese Tourism Delegations Praise Cuban Social Justice

FL0501021394 Havana Radio Rebelde Network in Spanish 0000 GMT 5 Jan 94

[Text] We will be faithful in relaying to our membership the trust Cuban workers have in their leaders. This has been stated by the members of the first two Japanese delegations to visit Cuba as part of the Union Tourism program. They showed great respect and admiration for the attitude of the Cuban people in resisting and overcoming the U.S. blockade. The visitors belong to the provincial and municipal unions of the governments of (Tokaona), (Logano), (Tuyana), and Hiroshima and the public workers organization of Tokyo's administration. The Japanese delegations were received by Norma Ortega, secretary general of Cuba's Public Administration Union. The Japanese delegations made cash donations for the Cuban people. Both Japanese organizations showed interest in the current situation of Cuba, and stressed the advantage that it is to live under the social justice existing in Cuba.

'Labiofam' Enterprise Helps Patient Recovery

FL0501030194 Havana Cuba Vision Network in Spanish 0100 GMT 5 Jan 94

[Excepts] Tonic drinks and the (Asitan) and (Estomacan) food supplements are being distributed by the Biological and Pharmaceutical Laboratory Enterprise to hospitals, schools, and child care and geriatric centers. The enterprise, known as Labiofam, has produced increasing amounts of compounds that help significantly in patient recovery. [Words indistinct] derived from plantains has yielded good results.

[Passage omitted] Biological and pharmaceutical products are produced at Labiofam for humans and animals, basically vaccines, vitamins, and the biological elements for [words indistinct], including that of mosquitoes. The workers of this center, which imports all the pharmaceutical raw materials it uses, have pledged to become self-financed [words indistinct] all its commercial operations. Several Labiofam product are highly prestigious. In 1993 [words indistinct] concluded tests on a vaccine against porcine encephalomyocarditis disease, the first time this has been attained in the world.

Haiti

Conflict With Deputy Leaves Three Victims

FL0401174794 Port-au-Prince Signal FM Radio in French 1130 GMT 4 Jan 94

[Text] Armed confrontation between socialist Deputy Sorel Jacinthe and a group of opponents in Grand'Anse has left one person dead and two injured. The incident, which occurred on 31 December at about 1100 PM in Mahotiere near Moron, erupted when the deputy, while participating in a dance, was taken to task by a group of opponents who were fired into action. The situation degenerated and came to blows. Deputy Jacinthe drew his gun and fired several shots. The young Rosemanette Jean-Louis, 16, candy seller, fell dead from a gunshot wound in the neck. Two other persons—Celestin Lenet, 38, and Kettia Similien, 13—were also injured. We have learned from hospital sources that Celestin is in critical condition and will most likely not survive.

Pursued by his detractors, Deputy Jacinthe took refuge in the Moron barracks. He was then transferred to Jeremie on 1 January. He is allegedly under police protection at this time. A reliable source, however, told us that the deputy was to enter Port-au-Prince on the night of 3 January, but we have not yet been able to verify this information.

Signal is following the situation closely. As soon as we have further information, we will let you know.

Cedras on Independence, National Debate

FL0401182094 Port-au-Prince Signal FM Radio in French 1130 GMT 4 Jan 94

[Text] The 190th anniversary of national independence was observed in Gonaives on 1 January by members of the high General Staff of the Haitian Army. On that occasion, Lieutenant General Raoul Cedras launched a call for a national debate, the only means of achieving the union necessary for the rebirth of our homeland. Gen. Cedras would like this national debate to be an occasion for the nation to ask itself about itself, about its future, and to look for solutions to the structural problems that hinder social evolution and the development of republican institutions.

The commander in chief of the Haitian Army explained that to achieve this union, we must, just as the fathers of our independence did, all decide to unite under one banner. Gen. Cedras explained that Haitians must complete their dream of liberty, equality, justice, and fraternity as projected by our ancestors.

With regard to the current crisis, Gen. Cedras asserted that the months of suffering have taught us to know ourselves and to evaluate the men and women of this country. They have taught us in a very difficult way what meaningless weight [words indistinct] our lives as men and women, and our future as a people, before the incomprehensible special interests of a few.

Calls for 'Ample Dialogue'

PA0401180094 Paris AFP in Spanish 1608 GMT 4 Jan 94

[Text] Port-au-Prince, 4 Jan 94 (AFP)—During a speech in Gonaives (152 km northwest of the capital) on occasion of the 190th anniversary of Haitian independence, Army chief General Raoul Cedras proposed an "ample dialogue" to overcome the Haitian crisis.

"Only a sincere understanding on the essential, the first step toward an indispensable union, can save the country," the general noted adding that "this understanding must be the result of ample dialogue." "It is essential for it to be a national debate. The country must question itself, its future. It must find solutions for the structural problems that are obstructing the evolution of society and the free play of democratic institutions," Cedras said.

"By losing brotherhood, all that is left for us is division, hatred, and violence," he stated, adding that "1994 will be decisive for our country."

Former President Manigat Views Situation

FL0401221894 Port-au-Prince Signal FM Radio in French 1130 GMT 4 Jan 93

[Report by Jean-Ralph Fleurizard]

[Excerpts] [Passage omitted] We should consider setting aside, by private agreement, the two antagonistic plans that dominate the political scene. This ia proposed by Professor Leslie Manigat, leader of the Assembly of Progressive National Democrats [RDNP]. Speaking for the first time since the fifth convention of his party, Manigat has proposed a (?set) of balanced concessions, a kind of equitable compromise aimed at balancing the scales between the parties. In the opinion of [former] President Manigat, this compromise is essentially aimed at lossening the vise which is stifling the country, at facilitating the emergence of the third centrist democratic stand, and finally at allowing the mobilization of cooperative action by men of goodwill. [passage omitted]

Leslie Manigat, who believes that Haitian politics must be conducted in an atmosphere of sincerity, thinks Father Aristide's return as president is neither possible nor desirable. What is obvious, in Manigat's opinion, is that Aristide's return to power cannot be the appropriate solution. Also, he wants to put the government of President Aristide in the dock. He invites the international community to change its (?stand) and to organize the post-Aristide period. [passage omitted]

Once again, Manigat says he has stayed on the sidelines so as to have a national and responsible voice heard. Although the RDNP leader is convinced that times have never been so hard for the majority of the people, that a national collapse has taken place, and that the gap between the capital and the provinces has become an abyss, he nevertheless is optimistic—but cautious. In his opinion, one must not despair because one can do better than survive. He says one is even able to eventually rise above conditions. He criticizes the sanctions imposed on Haiti, sanctions he deems illegal and outrageous.

Chiapas Crisis

Army Reinforces Chiapas State Capital

PA0401134994 Madrid EFE in Spanish 0703 GMT 4 Jan 94

[Report by Julian Rodriguez Marin]

[Text] Tuxtla Gutierrez (Mexico), 4 Jan (FE)—The Army on Tuesday reinforced surveillance in Tuxtla Gutierrez, capital of Chiapas State, and recommended the people not leave the city in view of the lack of security prevailing in the area due to the actions by the Zapata National Liberation Army (EZLN).

The 120,000 residents of Tuxtla Gutierrez, located 680 km southeast of Mexico City, are nervous about the presence of the EZLN and they fear being involved in combat between the rebels and the Army.

At the military airport of Tuxtla Gutierrez, which is near the civilian airport, there have been approximately 20 helicopters since the conflict first began last Saturday. The helicopters are moving troops to the area of conflict. The atmosphere on the city streets is tense and most of the residents prefer staying at home. The highways to San Cristobal de las Casas, one of the main centers of the conflict—which is about 50 km from here—are nearly deserted for fear of the firefights and the Army has set up checkpoints.

Rumors are circulating to the effect the soldiers and rebels are fighting just 10 km from Tuxtla Gutierrez. Other rumors say rebels have been seen near Chapa de Corzo, 15 km from Tuxtla Gutierrez, and that the guerrillas reportedly plan to storm the jail at Cerro Hueco, on the outskirts of Tuxtla Gutierrez.

Residents from Tuxtla Gutierrez told EFE that the majority of the people in this city reject the rebel actions, although there might be some support in the mountain area where the majority of the people are Indians. The people say there is little information on the clashes, radio communications are bad, and the situation is difficult in the rural areas where there are Indian chiefs.

A civilian source pointed out that in Las Margaritas, the Indian chiefs do not allow the Indians who work on farms to wear clothing similar to military uniforms as they fear being attacked. The source told EFE that the people in this area are extremely neglected and abandoned as the Indian chiefs are akin to feudal lords who manage the lives of the Indians and practically keep them as slaves. It is believed that there are areas in Chiapas where one Indian dies every day as a result of the violence generated by the Indian chiefs and the police forces, the source added.

In his New Year's message to the people of Chiapas, acting Governor Elmar Setzer said that "it is regrettable that the subversive groups have generated such actions of violence and vandalism that have broken the juridical order and disrupted the social peace and public harmony to which we are accustomed in Chiapas." He added that "these actions have been rejected by all sectors of the population, and various groups have called for a dialogue and a peaceful solution to the situation created by the armed aggressor group."

Setzer asked the people to be prudent and not be overcome by panic and rumors, and facilitate the work of the Army that seeks to reinforce protection and security in the affected areas.

EZLN Rebels Plan Long-Term War

PA0401140294 Hamburg DPA in Spanish 0838 GMT 4 Jan 94

[Text] San Cristobal de las Casas (Mexico), 4 Jan (DPA)—The Mexican "zapatist" guerrillas who spectacularly began a conflict in the southern State of Chiapas on 1 January plan a long-term war to "exterminate capitalism and institute socialism."

"We do not just want a change of government, we want to exterminate the capitalist system and establish socialism as many other countries have. We will not lay down our weapons for any reason," said one of the commanders near the occupied area of Ocosingo and Altamirano.

The so-called "Zapatist National Liberation Army (EZLN)," which took its name from the legendary peasant guerrilla leader Emiliano Zapata of the armed revolution of 1910-17, began on 1 January by occupying four important municipal capitals of Chiapas State, one of Mexico's poorest and most underdeveloped states. "We had waited many years for solutions to our problems, many years of poverty and ignorance, and that is why we decided to go to war," said the rebel commander who identified himself simply as "Captain" of the EZLN, during a conversation with journalists at one of the rebel road blocks on the San Cristobal-Ocosingo road.

The insurgents first occupied San Cristobal de las Casas, Las Margaritas, Ocosingo, and Altamirano, but later left the first two towns and fell back to the mountains of the so-called chiapan highlands [altos chiapanecos], near the border with Guatemala. The first clashes have left an unofficial tally of 100 dead and several dozen wounded. Even though when they left San Cristobal De Las Casas they attacked an Army garrison near the town, their initial tactic seemed to be to fall back from the occupied areas without offering resistance to the Army in order to strike other points in the region.

Another rebel commander, who identified himself with his nom de guerre, "Lieutenant [teniente] Jesus," said that "the armed struggle is the only path for changing the situation of oppression and marginalization in which the indigenous persons and peasants have been kept for 500 years." "For the poor, all the legal paths have been closed for years," added "Lieutenant Jesus, "a young man of 18

years of age who was in command of a roadblock approximately 25 km from San Cristobal.

The insurgent group, whose existence was reported—and officially denied—last May, has apparently existed for several years. "On 1 January the war started, we declared war on the enemy, but our organization had existed for many years," said the guerrilla "Captain." "At first there were the guerrillas that only operated in the mountains, later it grew and extended its field of operation. Peasants, teachers, and workers joined the movement and that is how we formed the Zapatist National Liberation Army," he said. Now—he added—"we are structured like an army, we have military ranks, as the federal Army does, but we are different, we are an army of the people, not of the bourgeoisie."

Witnesses said at lease 500 guerrillas participated in the occupation of the four towns. They were armed with rifles, handguns, knives, machetes, and automatic weapons such as AK-47's and Mini-14s. Wearing military uniforms and with their faces covered with ski caps or red handkerchiefs, they still occupied on Monday night the towns of Ocosingo and Altamirano, less than 100 km east of San Cristobal de las Casas. At Least four roadblocks, placed by the rebels on the road, block the access routes to Ocosingo and Altamirano.

"Lieutenant Jesus" said the EZLN is prepared for a long war. "We will accept many casualties, but will never surrender our weapons. We will continue the revolution until we win it with the weapons in our hands. That is our objective," he stressed.

Radio ACIR Roundup on Chiapas Situation

PA0401143294 Mexico City Radio ACIR Network in Spanish 1259 GMT 4 Jan 94

[From the "Information Panorama" newscast]

[Text] On the third day of clashes in Chiapas, the Zapata National Liberation Army [EZLN] once again attacked the 31st Military Zone, very close to San Cristobal de las Casas. The Mexican Army successfully repelled this attack, and immediately reinforced military operations in the municipality. Meanwhile, the Army has recovered the municipalities of Ocosingo and Las Margaritas, although clashes continue in the surrounding areas.

According to military sources, so far there have been 86 deaths in these clashes. Altamirano municipality remains under the control of the armed group that has begun to demolish the municipal palace.

Commenting on the situation in Chiapas, President Carlos Salinas de Gortari said there is no time or place in Mexico for divergence that cannot be solved according to the law. He admits there are certain shortages and inequalities in that state, but he warns that violence will delay a true solution of the problems.

The Government Secretariat assured that the groups active in Chiapas represent a mixture of interests by local and foreign persons who are linked to violent groups operating in Central America. Government Under Secretary Socorro Diaz admitted that the Mexican Government learned several months ago about the existence of illegal groups in that area.

Following orders from the Executive Branch, new procedures will be established to study the problems in Chiapas. The Social Development Secretariat will review the work being done, and with the social organizations of that state, it will define the projects for the new year.

Meanwhile, Chiapas Governor Elmar Setzer has urged the people of Chiapas to be prudent, and he trusts the Army will shortly reestablish peace in Chiapas. Elmar Setzer denied that he is planning to resign.

Meanwhile, EZLN leaders reiterated they will not negotiate with the government so long as the government does not turn power over to the people.

Rebels Up Close En Route to Ocosingo

PA0401151594 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 4 Jan 94

[Report by correspondent Samuel Prieto; from the "Good Morning From Mexico" newscast]

[Text] It is 0630 on 3 January 1994. We begin our journey to Ocosingo. Some EZLN [Zapatista Army of National Liberation] roadblocks have been erected several kms from the 31st Military Zone garrison in Rio Nuevo, Chiapas. A number of the rebels are very young, even children. It is not enough to see, however. The question we ask this captain, naturally unidentified, deals with his remark that he thinks the Armed Forces are bourgeoisie. His answer is ideological. He says Mexico should have a socialist system. We will have to ask him why, considering that this system has not worked in other countries. But the EZLN refuses to talk with the government or a mediator.

Moving over to the following roadblocks, we observe the rebels and their activities more closely. At mess time they have stale biscuits dipped in coffee, as well as hardened tortillas. We also observe some rebels in formation and others in a combat crouch. This is the situation.

Las Margaritas municipality has been peacefully vacated by the rebels. In Ocosingo, the give and take continues. According to the latest reports, the self-styled EZLN is about to overpowered. The rebels have sustained 27 casualties. But they continue to hold Altamirano. Huitzlan fared better. Guerrillas started to leave beginning at 1400 local time. Clashes took place in Rancho Nuevo in the afternoon. On Monday, LA JORNADA newsman Ismael Romero was shot three times in the left shoulder while on his way to Las Margaritas and Ocosingo.

'Sources' Disclose Increased Clashes

PA0401173394 Madrid EFE in Spanish 1627 GMT 4 Jan 94

[Excerpt] Tuxtla Gutierrez (Mexico), 4 Jan (EFE)—Military sources have disclosed that clashes between the Armed Forces and the Zapata National Liberation Army (EZLN) increased in recent hours near Ocosingo, in Chiapas, as the rebels are drawing closer to the capital of this state in southern Mexico.

According to unofficial reports, at least 200 people were killed in the fighting but it is estimated that there could be more bodies scattered in jungle areas and in the cities, but access to these sites have been denied to reporters. The Mexican Army closed the roads that link Tuxtla Gutierrez, the capital of Chiapas, with San Cristobal de las Casas—where the insurrection began on Saturday—because the rebels are approximately 16 km from Tuxtla Gutierrez, military sources told EFE.

The Armed Forces established a general headquarters outside Tuxtla Gutierrez and are keeping all entry into the city under very close surveillance. In addition, these forces are totally occupying Chiapa de Corzo, one of the main tourist zones, which the rebels could use to enter the area.

Sources close to the Army noted that 25 rebels were captured and that "Commander Marcos" (who headed the attack on San Cristobal de las Casas) could be among them. [passage omitted]

Clashes Continue

PA0401195294 Mexico City Canal 13 Television Azteca Network in Spanish 1857 GMT 4 Jan 94

[From the "Good Afternoon From Mexico" newscast]

[Text] The situation in the State of Chiapas is as follows:

The Mexican Army currently controls the city of San Cristobal de Las Casas. Clashes that took place last night in the municipality of Ocosingo resulted in 27 guerrillas and two soldiers dead. The city of Altamirano remains under EZLN [Zapatista National Liberation Army] control while Army aircraft continue to overfly the region. According to the latest reports, the community of (Wisan) remains under guerrillas control. In addition, the rebels withdrew from (Otchuc) without Army intervention.

At least 2,000 additional soldiers arrived in Tuxtla Gutierrez which was already under control by the Army. In Las Margaritas, the Army entered to retake the city, but it had already been abandoned by the guerrillas. The community of Chanal was already abandoned voluntarily by the EZLN.

In concluding, the guerrillas announced they had mobilized in Venustiano Carranza and were present in other communities located along the Chiapas mountain range and the Guatemalan border.

Fighting Near Capital Denied

PA0401201294 Mexico City Canal 13 Television Azteca Network in Spanish 1907 GMT 4 Jan 94

[From "Good Afternoon From Mexico" newscast]

[Text] The State Government of Chiapas has denied news reports to the effect that the Mexican Army and the Zapatista rebels are fighting 16 km from Tuxtla Gutierrez, the capital city. Television Azteca has interviewed Government Secretary General Rafael Gonzalez Lastre, as follows:

[Begin recording] [Gonzalez] Thank you for this opportunity to speak on this channel. Yesterday, we took it upon ourselves to inform the people over radio and television. Today, we want to urge everyone and all groups to be prudent. Today, more than ever before, we must act in a serious, professional, and responsible manner. We must not listen to gossip and comments that seek to confuse the people and make them restless.

The city of Tuxtla Gutierrez and surrounding areas are protected. There is no possibility at all that this transgressor group will appear here. I have just said there is only one small area in Altamirano municipality where there is some unrest, and something very small is going on in Ocosingo.

[Reporter] Do you have any information on former Governor Absalon?

[Gonzalez Lastre] Yesterday, it was confirmed to us that General Absalon Castellano Dominguez, the former governor of Chiapas, is being held by these persons. So far, we have no information on his whereabouts, but we fully trust that our Mexican Army will once again fulfill its duty and just as it rescued the Solorzano family in Ocosingo, it will rescue the former governor who also has the honor of belonging to our Mexican Army.

[Reporter] Mr. Gonzalez: Have the five envoys of the U.S. Embassy contacted you?

[Gonzalez Lastre] Representatives from the French Embassy visited me on Sunday. We learned about the representatives from the U.S. Embassy.... [pauses] but I have not had the opportunity to meet with them directly and personally as I met with the representatives of the French Embassy. I do want to guarantee that the Chiapas State Government is ready to give all the information and cooperation that its fellow countrymen might need. [end recording]

Defense Secretariat Communique

PA0401202594 Mexico City Canal 13 Television Azteca Network in Spanish 1920 GMT 4 Jan 94

[Text of communique issued by the Mexican National Defense Secretariat, SDN, on 4 January; place not given; from the "Good Afternoon From Mexico" newscast]

[Text] The clashes between the transgressors of the law and Mexican Army troops continue. On 3 January the aggressor groups tried several times to recover the city of Ocosingo by staging intermittent attacks which were repelled by the troops.

The military personnel are currently—at 1300—receiving sporadic fire from snipers in some buildings and on rooftops, mainly the Church and the Municipal Presidency. It is known that some other groups are still hidden on the outskirts of Ocosingo.

Up to this moment, the number of casualties inflicted on the said group amount to 35 dead and an undetermined number of wounded. As has already been reported, they evacuate their wounded and their corpses when possible. Furthermore, 35 weapons, 15 grenades, a large amount of ammunition of diverse calibers, and knives, as well as silencers, gas masks, and radio equipment have been seized.

In the military field of the 31st Military Zone, located 10 km southeast of the city of San Cristobal [De Las Casas], the military personnel have endured constant harassment from isolated shots and have captured, on those occasions, eight armed individuals who form part of the aggressor groups. These men, including a minor, were immediately delivered to the authorities of the Federal Attorney General's Office. During the night of 2 January, the aforementioned military installation, including the housing areas, received intermittent rifle fire from snipers.

In San Cristobal [De Las Casas], the situation is completely calm.

Up to this moment and since the beginning of the military operations, two officers and five soldiers have died and two officers and 14 soldiers have been wounded. On the other hand, 59 dead have been counted among the members of the transgressor groups, and eight of them have been captured.

To these [numbers] we have to add the 27 deaths inflicted by the aggressor group on the civilian population and the local police during the takeover of the four municipal capitals on the first day of the year.

Indian Peasants Flee Communities Due to Rebels

PA0401214694 Paris AFP in Spanish 2056 GMT 4 Jan 94

[Report by AFP correspondent Gerardo Tena]

[Text] Altamirano, Mexico, 4 Jan (AFP)—Several lines of Indian peasants advanced this Tuesday on the road from Altamirano to San Cristobal, which are separated by 100 km, fleeing their communities.

Peasants can be seen carrying their belongings on this stretch of road, but there is no presence of rebels or the regular Army—whose presence is demanded by residents—as in the preceding days.

Residents of Elzay, a community of 300 Tzeltal Indians, who advanced on the route said that the guerrillas were entrenched in the community of Tolbeja, approximately eight km from Oxchuc.

Peasant Sebastian Lopez said that all the Elzay residents were leaving that community, because the members of the EZLN [Zapatista National Liberation Army] "considered us their enemies, because we were not with them."

The Indians who are fleeing are forced to walk, because public transportation service has been suspended as a result of the insecurity of traveling on the road in addition to the many barricades placed along the way.

In the communities leading from Altamirano, residents say they only have enough food for a few days, and in the places where there is telephone service the lines have been cut.

"Here, there is no authority, and the military has not come to set things straight after the EZLN members left," an Oxchuc resident explained.

"We do not have water, electricity, or food, and we are asking for the Army's help," said Gloria Clemente, 30, a resident of Altamirano, a town that was abandoned this morning by rebel forces.

Rebels Said To Partially Retreat

PA0401221794 Paris AFP in Spanish 2047 GMT 4 Jan 94

[Report by Gerardo Tena]

[Text] Altamirano, Mexico, 4 Jan (AFP)—AFP has confirmed that the forces of the Zapatista National Liberation Army (EZLN) started to partially retreat to the mountains early today, but the Mexican Army has not yet entered the towns that the rebels have evacuated.

Reporters who managed to cross roadblocks erected about 18 km from Ocosingo have said that there are still clashes in that town. The Army surrounded it while EZLN members were barricaded in several houses.

They added that several dead are lying in the streets and injured people are seeking refuge.

The rebels retreated, taking the injured with them, between a place known as Rancho Nuevo, about 15 km east of San Cristobal, and the town of Altamirano, near Ocosingo.

Residents of Oxchuc and Altamirano are nervous and afraid that the EZLN will return, because there is no Army presence there.

Several residents have assured the media that combatants from El Salvador and Guatemala are among the rebel ranks. "We have noticed the way they talk and their strong bodies, and there are no people like that here," a peasant said.

In Oxchuc, 60 km from San Cristobal, angry residents have managed to capture six rebels, beat them up, tie up their feet and hands, and take them to the town's main kiosk to turn them over to the Mexican Army.

The captured, injured by the crowd's beatings, told the media that they are EZLN members and came to Oxchuc to pick up some companeros.

Jose Perez Mendez, a 24-year-old peasant whose face was bloodstained, said that he has been a member of the subversive movement for the past three years, because "the government has paid us no attention" and denied that combatants from other countries are among his companeros.

The neighbors shouted in the Tzeltal language that they did not want the guerrillas, according to Juan Santis, who said they were angry because the rebels stole their vehicles, burned and destroyed municipal offices, and kidnapped the assistant town councillor, a policeman, and two other civilians, whom they used as their drivers.

According to a detainee, the 200 residents who had scrambled into the kiosk were saying in Tzeltal that they wanted the guerrillas killed.

Altamirano, which the EZLN has called "the first liberated town," the municipal palace of which was partially destroyed, was abandoned between Monday night and Tuesday morning after the guerrillas fled into the nearby mountains.

On Monday night "some 10 individuals arrived to take away six injured relatives, one of them in serious condition, in a freight truck," bound for an unknown site, according to an official at a hospital run by nuns from the Order of the Daughters of Charity. The injured rebels, all with bullet wounds, need treatment by doctors and medicines, but they did not take anything from the hospital, the official said.

Neighbors gathered around the journalists in the town square to ask them to tell the authorities that they have no means of communications and that the Mexican Army should be deployed there to protect the lives of the civilian population.

On the road leading from Altamirano to San Cristobal, dozens of Tzeltal Indian peasants could be seen leaving their villages, but rebels were not seen as in previous days. The Army, whose presence is demanded by the residents, was not to be seen either.

Air Force Planes Bomb Hill in Outskirts of Town

PA0501013694 Paris AFP in Spanish 0031 GMT 5 Jan 94

[Text] San Cristobal de las Casas, Mexico, 4 Jan (AFP)—Three airplanes of the Mexican Air Force unexpectedly bombed a hill in the outskirts of San Cristobal de las Casas during a clash with members of the Zapatista National Liberation Army (EZLN) in a military spectacle that was watched by residents of San Juan de los Lagos neighborhood.

The residents climbed on rooftops and other high places to follow the actions of the three airplanes and a helicopter in this location where the presence of guerrillas had been unknown.

The rebels responded to the bombing with submachine-gun fire. The number of casualties is unknown. The action occurred about 10 km from the center of San Cristobal, a town which the EZLN members maintained under their control on 1 January.

The battle site is alongside the highway linking San Cristobal with Ocosingo, toward which the guerrilla forces are reportedly pulling back after issuing a "declaration of war" against the Mexican Government and Army on 1 January.

Town Under Civilian, Military Control

PA0501021994 Mexico City NOTIMEX in Spanish 0132 GMT 5 Jan 94

[Text] San Cristobal de las Casas, 4 Jan (NOTIMEX)—The Mexican Air Force launched today a brief operation in a mountainous area near this southeastern Chiapas city against armed groups dislodged from several towns, witnesses reported.

Local clergyman Gonzalo Ituarte Verduzco said that airplanes and a helicopter fired shots between 1700 and 1800 (2300 and 0000 GMT) near El Corralito, southeast of San Cristobal de la Casas, and the armed groups responded from the ground.

San Cristobal de las Casas, one of the first cities seized on 1 January and occupied the following day by armed men of the so-called Zapatista National Liberation Army, is under the control of civilian and military authorities.

The violent seizure of towns and Army attacks have left 96 dead, including 59 members of the armed groups, 22 policemen, seven soldiers, and five civilians, according to official reports.

Army Expels Rebels From Altamirano; 121 Dead

PA0501030594 Madrid EFE in Spanish 0157 GMT 5 Jan 94

[Text] Tuxtla Gutierrez, Mexico, 4 Jan (EFE)—The Mexican Army has expelled the rebels from the town of Altamirano, which was their last bastion in the Mexican State of Chiapas and where a heavy exchange of fire is still going on, media sources said today, Tuesday.

The rebels seem to have taken refuge in the Lacandon Jungle, to where they have been pushed by Army troops, who chase and bomb them, journalist of the Tuxtla Gutierrez daily "CUARTO PODER" told EFE.

Military sources told our informants that the chase has extended to the town of San Juan Chamula, in the Lacandon Jungle, where residents captured four rebels who were armed with harquebus-type shotguns.

The Army expelled the rebels from the town of Altamirano, the last of seven towns they had occupied and which still remained under their control.

In Altamirano shooting between the rebels and Army was still heard, however. Fighting has left at least 121 dead, half of whom are Zapatista rebels, according to official sources.

A journalist of the daily "CUARTO PODER" told EFE that the Mexican Army controls totally three of the four municipalities in which the rebels had concentrated.

Guatemala Not To Permit Incursions

PA0501033194 Mexico City Radio ACIR Network in Spanish 0130 GMT 5 Jan 94

[Report by Elisabeth Diaz Otero; from the "Vector 21" newscast]

[Text] Guatemala will not permit incursions by armed individuals into that territory, stated Guatemalan Ambassador to Mexico Alejandro Maldonado. He said that the patrolling of Guatemala's border with Chiapas is normal and that no one can cross the border illegally.

In leaving Los Pinos Residence, where Mexican President Carlos Salinas received new year greetings from the diplomatic corp accredited to Mexico, Maldonado said that Guatemala cannot cooperate with Mexico in resolving the armed conflict in northern Chiapas State. Let's hear what he had to say:

[Begin Maldonado recording] The Guatemalan Government has to protect its own borders, Guatemalan territory. Regarding cooperation, nothing has been said about that, and we do not think it is necessary, because we believe that the Mexican state has complete and absolute control over its actions. [end recording]

The diplomat denied that there are Guatemalans involved in the Chiapas conflict and that the problem there could extend beyond the border and become a regional problem.

Government Denies Guatemalan Participation

PA0501050894 Mexico City Canal 13 Television Azteca Network in Spanish 0430 GMT 5 Jan 94

[From the "Good Evening from Mexico" newscast]

[Text] In view of the developments in Chiapas State, the Foreign Relations Secretariat [SRE] issued a communique on the evening of 4 January that states the following:

Regarding the possible participation of Central American forces in the conflict in the four municipalities of Chiapas State, the SRE reports that, according to information available to the proper authorities, though foreign individuals may be participating, there are no signs that lead us to believe that there is an organizational [organica] participation by the Guatemalan National Revolutionary Unity [URNG].

Bishops Conference Communique on Events

PA0501032294 Mexico City Radio ACIR Network in Spanish 0133 GMT 5 Jan 94

[Report by Antonio Barragan; from the "Vector 21" newscast]

[Text] The Mexican Bishops Conference issued an official communique today on the events that have occurred in Chiapas. The communique is signed by Monsignor Ramon Godinez Flores, auxiliary bishop of Guadalajara and secretary general of Mexico's Bishop conference and, therefore, official spokesman of the Mexican Catholic Church. In the communique, Flores stated that the Bishops Conference called for respectful and truthful dialogue between both parties; in addition, he stated that dialogue is necessary, adding that those who assumed arms must be heard, because they have been unheard for a long time.

The most important part of this one-and-a-half page communique reads: What must we do? First of all, we must hear the clamor of these brothers and many more Mexicans, some of whom have assumed arms, others who are taking refuge in not participating in the elections, as well as others who are desperate over not finding solutions to the crises we are facing. This is like a voice of God; we must all hear and know how to interpret it.

Flores also added in his communique: Those who have authority must be attentive to discover the sense of these voices and not try to repress them violently. These are voices of anguish and desperation. The very peasants who assumed arms have said this is not a war to destroy, rather, to build a better fatherland.

Commenting on this situation, Flores, as official spokesman of the Mexican Bishops Conference, said:

[Begin recording] [Flores] These are incidents that must be dealt with carefully. They cannot simply be interpreted as a confrontation between one army against another or for a political change. They are requesting that their just demands be met, and they themselves must be a part of this to overcome these difficulties. They cannot just wait until their difficulties are solved; they must act to overcome their crises. [end recording]

The church representative explained later that Christians must pray so that God will give us a peaceful heart and we may act with prudence and wisdom in these difficult times. He said: This will permit us to build

peace based on justice, making the plan of God—who gave us the resources of nature to benefit all and not a few—a reality.

This is the most important part of the official communique by the Mexican Bishops Conference on the events in Chiapas, issued on 4 January 1994.

Bishop Spotlights Army's Alleged Executions

PA0501034394 Paris AFP in Spanish 0235 GMT 5 Jan 94

[Report by Gerardo Tena]

[Text] San Cristobal de las Casas, Mexico, 4 Jan (AFP)—Samuel Ruiz, San Cristobal de las Casas bishop, spotlighted today reports on the execution of rebel Indians by the Mexican Army in Chiapas State, site of fighting in the past few days.

There are reports that certain guerrillas captured by the Army have been executed, the bishop said during a news conference. The bishop also said that it is "foreseeable" the civilian population will be repressed by the Army, because there has not been a delimitation of the battlefields where soldiers are fighting the guerrilla Zapatista National Liberation Army (EZLN).

The bishop, who held a news conference minutes before the Air Force bombed a hill in the outskirts of San Cristobal, said that approximately 12,000 Army troops are deployed in the strife-torn region.

The prelate, who is involved in the defense of human rights, particularly that of poor Indians, said that the Army's massive military response "seems to be a decision" to totally crush the movement, and in this framework "there are many wounded people who have not even been counted."

Ruiz called on the two sides to agree on a cease-fire so as to begin negotiations with the church mediation to lay the foundations for a concerted effort to end the conflict, which broke out on 1 January when EZLN members violently occupied five municipalities in the southern State of Chiapas.

He recommended that the situation be observed by national and foreign human rights observers, and he mentioned that Americas Watch, Amnesty International, and Lawyers of Minnesota are willing to come to the region to observe the situation.

Salvadoran, Honduran Presidents To Visit 7 Jan

PA0501044094 Paris AFP in Spanish 0346 GMT 5 Jan 94

[Text] Mexico City, 4 Jan (AFP)—A communique of the Mexican Presidency announced today that Salvadoran President Alfredo Cristiani and Honduran President Rafael Callejas will visit Mexico on 7 January to meet with Mexican President Carlos Salinas.

The communique stated that the Central American presidents' visit was agreed upon in early December and that the trilateral agenda does not include "the topic of the situation in Los Altos de Chiapas," where an armed Indian rebellion has been taking place since 1 January.

The communique also stated that on the night of 3 January Guatemalan President Ramiro de Leon Carpio spoke with Salinas to discuss several topics, including the situation in Chiapas. The communique explained that the Guatemalan president proposed to the Mexican president "an exchange of information."

The guerrilla outbreak by the Zapatista National Liberation Army [EZLN] is taking place in southern Chiapas State, on the border with Guatemala.

Guatemalan Army sources have reported the possibility of a link between the EZLN and the Guatemalan National Revolutionary Unity, which has rejected that charge.

Mexican Government sources told AFP that the idea that there are Central Americans in the EZLN ranks is being confirmed, and they even said that "there is a Guatemalan" in the leadership of that guerrilla organization.

Development Secretary in Chiapas for Roundtable

PA0501000394 Mexico City Canal 13 Television Azteca Network in Spanish 1900 GMT 4 Jan 94

[Report by Juan Manuel Pereira; from the "Good Afternoon From Mexico" newscast]

[Text] Social Development Secretary Carlos Rojas Gutierrez traveled to Tuxtla Gutierrez to devise a plan for new economic and technical support that will contribute in reversing the serious backwardness in Chiapas State.

Although Chiapas State heads the government's list for social investment, new plans to fight poverty, despair, and historical backwardness in this state will be announced today; for that purpose, Social Development Secretary Rojas Gutierrez arrived in Tuxtla Gutierrez today. Accompanied by federal and state officials, he immediately convened a roundtable, which will involve new government institutions.

Meeting participants recognized the problems caused by existing backwardness in Chiapas State that basically affect the Indians. They noted, however, that for the past five years the government has considered Chiapas a priority for social investments, which have been increased by more than 1,000 percent during that period. New economic and technical assistance to satisfy the needs of this neglected state will be defined during this meeting.

Chiapas Governor Elmar Zetzer again urged Chiapas residents this morning not to heed rumors. He reaffirmed that the Mexican Army will certainly have the situation totally under control soon.

Political Parties React to Chiapas Conflict

PA0401210794

[Editorial Report] Mexico City XEW Television Network in Spanish at 1200 GMT on 4 January broadcasts, as part of its "ECO" news service, a four-minute report on reaction from various Mexican political parties to the recent armed insurrection and subsequent official reaction to events in Chiapas State.

In a communique issued on 3 January, PRI [Institutional Revolutionary Party] President Fernando Ortiz Arana strongly condemned the violence. The communique states: "Legitimate demands for greater social welfare can be only fulfilled through peace." The text adds: "The PRI asked the government to enforce the laws and thoroughly investigate and identify those responsible for these incidents. The PRI reiterates its support for authorities in Chiapas and the Mexican Army to continue acting in accordance with the law and confirms its determination that dialogue would be in the best interests of all Mexicans."

PRD [Party of the Democratic Revolution] President Porfirio Munoz Ledo condemned and regretted the incidents in Chiapas. Munoz Ledo noted: "Everyone's first reaction, regardless of political party or ideological conviction, has been to reject clearly and categorically the use of violence as the means of solving problems in Mexico."

PAN [National Action Party] Deputy Secretary General Cecilia Romero said in reaction: "It is necessary that the source of these incidents be clarified, responsibilities be defined, factions involved be investigated thoroughly, and authorities explain to the Mexican people how they plan to resolve this conflict definitively."

Mexican Ecological Party [PEM] presidential candidate Jorge Gonzalez said: "A calm analysis of events is essential to a clear understanding and to stopping bloodshed throughout the country."

Costa Rica

Roundup of Economic Developments Through 4 Jan

PA0401212194

[Editorial Report] The following is a compilation of reports on Costa Rican economic developments monitored through 4 January. Source is cited in parentheses following each item.

The Exports and Investments Center of Costa Rica on 28 December reported that sales of products and services to foreign nations increased more than 50 percent between 1990 and 1993, although the trade balance is in deficit. According to the Central Bank, imports in 1990 amounted to $1.98 billion, whereas in 1993 they reached $3 billion. The same source added that the 1993 trade balance has an $800 million deficit. (Mexico City NOTIMEX in Spanish 1859 GMT 28 Dec 93)

Finance Minister Carlos Munoz announced that interest rates in 1994 will be lower than in 1993. Higher rates will continue to be used for several months while some adjustments are made. (San Jose Radio Reloj in Spanish 1730 GMT 29 Dec 93)

Costa Rican President Rafael Angel Calderon Fournier reported on 3 January that inflation during 1993 was 9.05 percent. Economy Minister Roberto Rojas explained that this was due to a reduction in the prices of many items after some taxes were lifted in April. (Mexico City NOTIMEX in Spanish 0007 GMT 4 Jan 94)

El Salvador

President on Arms Shipment to Guatemala, Events in Mexico

PA0401011094 San Salvador Radio Cadena Cuscatlan in Spanish 1700 GMT 3 Jan 94

[News conference by Salvadoran President Alfredo Cristiani with reporters following the ceremony launching the National Civilian Police in Soyapango on 3 Jan—recorded]

[Excerpt] [Passage omitted] [LA PRENSA GRAFICA reporter Gerardo Lopez] Good morning, Mr. President. I have two questions. Last week an ARENA [Nationalist Republican Alliance] deputy said that there was proof of the transshipment of arms from the FMLN [Farabundo Marti National Liberation Front] to Guatemala; the second question is what is your opinion regarding the incidents that are taking place in Mexico?

[Cristiani] I believe that as far as specific proof is concerned, the reports from Guatemalan authorities claim that there is a shipment of arms to Guatemala. There is no specific proof, however, of who is shipping the weapons. We want to be very clear about this, because we are not going to accuse anyone until we are entirely certain. We are continuing to coordinate with Guatemalan authorities in this respect. We are conducting an investigation, and as soon as we have any information you will hear about it.

One thing is clear, however, certain weapons were not available in Guatemala, and today they are being recovered by the Guatemalan Army; this shows that there is a flow of weapons into Guatemala, and there are only two neighboring countries through which they could be passing—Honduras and El Salvador—although they might be coming from Nicaragua and pass through El Salvador. Why is there is no specific proof yet?

Concerning Mexico, we deplore the fact that there are still groups on our continent that are trying to use violence and terror to achieve political aims. We believe that this must pass into history so that novelists can write about it, but it cannot be justified in view of the advances of the processes in Latin America. We cannot justify the existence of armed rebel groups causing violence and terror, particularly against the people, who are the ones who always suffer the most in activities of this type.

We believe that if countries such as El Salvador have been able to give an example of solutions to these problems, it is shocking to hear that there are groups that now want to launch such an adventure. Experiences in other places show us that the idea is to do away with, not encourage, activities of this type; consequently, we can only feel disappointed to see that on the American Continent there are still minority groups bent on using violent methods.

[Reporter Mario Godoy Landin] Good morning, Mr. President. My first question has to do with the transshipment of arms. How is the verification of the serial numbers of the AK-47 rifles that were found in Guatemala progressing? Have they already been verified? The second question is, regarding the violence and murder of several peasant families in different areas of the country could one consider that the deployment of Armed Forces members has not achieved anything?

[Cristiani] Regarding your first question, I do not have the information on hand. We will try to check to see if there is specific information regarding the serial numbers, and we will release the information as soon as something is obtained.

Regarding your second question, I do not believe that the fact that criminal actions are perpetrated means that something has or has not failed. In this case I would like to ask if we would not have had a larger number of incidents without the preventive deployment in the area? This is something that is very hard to measure. What is obvious is that there is much violent activity and that many problems, even family problems, are being resolved violently. Maybe this is due to what our country has gone through. A large number of Salvadorans have been exposed to a tradition of violence and believe that

problems can only be solved through violence. I do not believe, however, that one can come to the conclusion at which you arrived: that one thing is directly linked to the other. The question should be, had the deployment not been carried out would there have been more or less violent incidents? [passage omitted]

President Might Travel to Mexico To Help Solve Crisis

PA0501002694 Paris AFP in Spanish 1923 GMT 4 Jan 94

[Text] San Salvador, 4 Jan (AFP)—Salvadoran President Alfredo Cristiani said today he will travel to Mexico to offer the Mexican Government "cooperation" to solve the crisis there after armed clashes broke out in that country over the weekend.

"We are willing to cooperate with the Mexican Government in whatever it believes we can cooperate," Cristiani told a news conference. The Salvadoran president asked today the Legislative Assembly for permission to leave the country, and according to the president, he "might" go to Mexico this weekend.

Cristiani said that he was "disappointed" by the outbreak of clashes between the Mexican Armed Forces and the so-called Zapatista National Liberation Army (EZLN), which supports demands of the very poor Indian population in Chiapas State, on the border with Guatemala.

Along with Spain, Colombia, and Venezuela, Mexico forms part of the "group of friendly countries" which supported the negotiations between the Cristiani government and the former rebels of the Farabundo Marti National Liberation Front, which in 1992 ended a 12-year-old civil war in El Salvador.

Ex-Guerrilla Group Rejects Links With Rebels in Mexico

PA0501004694 Paris AFP in Spanish 1927 GMT 4 Jan 94

[Text] San Salvador, 4 Jan (AFP)—The former Salvadoran guerrilla group Farabundo Marti National Liberation Front (FMLN) flatly rejected today any links with the rebel group that is occupying towns in southern Mexico.

Denying the participation of former Salvadoran guerrillas in the Mexican guerrilla movement, Juan Ramon Medrano, one of the former FMLN commanders, said "it is extremely speculative" to make charges when there is no "concrete proof" about an alleged Central American participation in the uprising.

A senior Mexican Government official said on 3 January that Central American guerrillas might be involved in the armed actions of the Zapatista National Liberation Army (EZLN), which publicly appeared on 1 January and has been involved in clashes with the Mexican Army. According to the latest official figures, the fighting has left 86 people dead.

"There is much speculation. Our only responsibility has been to serve as an example," Medrano said, adding that the FMLN waged a civil war in El Salvador for more than 10 years.

Medrano, current FMLN propaganda chief, said that the armed actions that broke out in the last few days in southern Chiapas State, on the border with Guatemala, "sound a warning bell that the Mexican Government should hear." The leader of the former guerrilla movement said that Mexican President Carlos Salinas, who firmly supported the peace process in El Salvador, "has shown that he has a modern outlook, so we trust he will hear the demands" of the rebels.

Medrano added that the causes of the outbreak of violence in Chiapas are deeply rooted in the economic and social problems of the people of the region.

Roundup of Economic Developments Through 3 Jan

PA0301220394

[Editorial Report] The following is a compilation of reports on Salvadoran economic developments monitored through 3 January 1994. Source is cited in parentheses following each item.

The Economy Ministry reported the following figures for 1993:

- Inflation was 12.1 percent (government goal: 12 percent).
- GNP increased 5 percent (last year's total was 4.6 percent).
- Fiscal deficit was 1.8 percent of GNP.
- Exports equaled $600 million. Despite a drop in coffee prices, exports increased 22 percent, and exports of assembled goods increased 39 percent.
- Net international reserves were $663 million.
- Increase in formal employment, according to Social Security affiliation, was 13 percent.

Economy Minister Enrique Cordova believes that 1994 could see an economic upswing in El Salvador but warned that "economic growth must be maintained until the year 2000 to recover pre-1978 levels." (San Salvador LA PRENSA GRAFICA in Spanish 29 Dec 93 p 3)

The 1992-93 coffee harvest reached 3.3 million quintals, while the 1993-94 crop is expected to reach 2 million quintals. Some of the reasons for the reduced production is the development of new neighborhoods on land previously used for growing coffee, the lack of adequate attention to coffee plantations, and the 20 percent export retention in force since October to improve prices. (Mexico City NOTIMEX in Spanish 1935 GMT 30 Dec 93)

Guatemala

Vice President Cites Benefits of Events in Chiapas, Mexico

PA0501004894 Guatemala City PRENSA LIBRE in Spanish 4 Jan 94 p 2

[Text] Guatemalan Vice President Arturo Herbruger Asturias said yesterday that the comeback of guerrillas in Mexico will help Guatemala, because the Mexican Government will cut off its aid to Guatemalan rebels to wage its own war.

He added: Although war actions taking place a few kilometers from our border with Mexico are dangerous, Guatemala could benefit from the armed movement in that country, because if the Guatemalan National Revolutionary Unity supports openly that movement it will lose the sympathy that it has enjoyed in Mexico during certain moments.

Herbruger said during a news conference that he thinks it is important for our country to adopt certain precautionary measures to protect its border, without interfering in Mexico's domestic affairs.

The Guatemalan official believes that the Mexicans will react negatively to the armed movement, because the people who live in countries with constitutional regimes do not welcome violent changes.

Meanwhile, Presidency Secretary General Hector Luna Troccoli has said that the armed movement that has reemerged in Mexico is a source of concern, because it threatens that country's political stability, which has been traditional for over 60 years.

He added: It must be admitted, however, that the uprising is understandable due to the extreme poverty in which the people of Mexico's northern and southeastern region live, and this situation, added to the political wear out of the Institutional Revolutionary Party, has caused the situation that exists now.

Meanwhile, Felix Loarca Guzman, public relations secretary of the Presidency, has said that the guerrilla movement in Mexico is a domestic matter of that country and the Guatemalan Government cannot issue any opinion in that regard.

Foreign Minister Comments on Mexican Events

PA0401154594 Guatemala City Teleonce Television in Spanish 0400 GMT 4 Jan 94

[From the "Telepress" newscast]

[Text] So far, the Mexican Government has not sent the Guatemalan Government any official notification on the disturbances taking place in southern Mexico, Guatemalan Foreign Minister Arturo Fajardo Maldonado has announced.

The foreign minister ruled out that the events taking place in the neighboring country will affect the role Mexico is playing as host for the Guatemalan peace process at a time when the first dialogue of 1994 is about to begin this week.

[Begin recording] [Fajardo Maldonado] These are strictly internal affairs of Mexico [words indistinct].

[Unidentified reporter] Will you consult with the Guatemalan Embassy in Mexico about this situation?

[Fajardo Maldonado] No, I have not consulted the embassy. This is a Mexican issue [words indistinct].

[Reporter] Don't you think this situation might affect the peace talks that will begin very soon [words indistinct]?

[Fajardo Maldonado] I have no information to that effect, so therefore, [words indistinct]. [end recording]

URNG Says Talks To Begin; Reaction to Chiapas State Events

PA0401163294

[Editorial Report] Madrid EFE in Spanish at 0227 GMT 4 January, in a Mexico City datelined item, reports that on 3 January the Guatemalan guerrilla movement confirmed in Mexico City that it is preparing to meet with Guatemalan Government officials between 6 and 9 January. The guerrilla announcement also pointed out that it will not discuss the government's peace proposal during the meeting. The Guatemalan National Revolutionary Unity, URNG, recently indicated through a communique that "the meeting which is intended to establish the foundations for renewing the peace process negotiation which was interrupted last May, cannot be used to discuss the government's peace plan, nor is said peace plan discussion part of the meeting." The URNG insists that the meeting's main objective is to search for alternatives leading to a resumption of peace negotiations that will end the 33-year-old civil war. The announcement also specifies that "the URNG considers the progress accomplished during the Oslo 1990 and Mexico 1991 negotiations as inalienable. The URNG position will be to preserve the content of the negotiation and the agreements improved by the civilian society and the conciliating role played by Monsignor Rodolfo Quezada."

According to a Guatemala datelined report by Mexico City NOTIMEX in Spanish at 0109 GMT on 4 January, the Permanent Commission for Refugees in Mexico reiterated on Monday that during 1994, it will continue with plans to repatriate approximately 20,000 Guatemalan Indians to their country as scheduled. Commission Leader Ricardo Curtz told NOTIMEX that violence initiated by armed groups operating in the southeastern Mexican State of Chiapas, bordering on Guatemala, will not affect the repatriation program. Curtz also denied that the violence would bring negative repercussions to life in the refugee camps which provide shelter to at least

40,000 Indian refugees who fled to Mexico during the 1980's. The commission leader pointed out that the return of 1,000 refugees housed in the Chiapas refugee camp is scheduled for 12 January and that they will be relocated to a camp set up in Huehuetenango. It is expected that 20,000 refugees out of the 40,000 in Mexico will be repatriated during 1994.

Guatemalan Indian leader Rosalina Tuyuc warned on Monday that the guerrilla uprising in Mexico "is the result of lack of solutions to problems confronted by the Indian and peasant communities" which could extend to other nations throughout the continent. In a Guatemala City datelined report by Paris AFP in Spanish at 2343 GMT of 3 January, the Indian leader pointed out that "the methods used by the Mexican rebels to redeem their rights could be repeated in other countries of America since legal or political mechanisms seem very inadequate" to eliminating discrimination against indigenous populations. Tuyuc is the one of the main leaders of the National Commission of Guatemalan Widows, Conavigua. She proceeds to explain that actions by the guerrilla groups controlling several communities of the Mexican state of Chiapas "cannot be praised or criticized," and also pointed out that "they have their reasons for embarking on an armed struggle." The Conavigua leader specifically points out that despite everything that is taking place, "the Guatemalan refugees should not be associated" with the conflict. On the other hand, Rigoberta Menchu, a Guatemalan Indian leader and 1992 Nobel Peace Prize laureate currently living in Mexico, expressed her concern about the repercussions the uprising could have on her country's refugees.

Roundup of Economic Developments Through 3 Jan

PA0401205894

[Editorial Report] The following is a compilation of reports on Guatemala economic developments monitored through 3 January. Source is cited in parentheses following each item.

Finance Minister Richard Aitkenhead has announced the government has felt it advisable to allow competition in some services provided by state enterprises such as INDE (National Institute of Electrification) and Guatel (Guatemalan Telecommunications Enterprise) to make these enterprises more operational and profitable. He added this is the first step before privatization. (Guatemala City PRENSA LIBRE in Spanish 28 Dec 93 p 53)

William Stixrud, president of the National Coffee Association (Asociacion Nacional del Cafe) has said that approximately 389,560 quintals of coffee, worth over $24 million, were exported during the 1992-93 harvest. He added that Guatemala continues to withhold 20 percent of its coffee exports. (Guatemala City PRENSA LIBRE in Spanish 29 Dec 93 p 62)

As of 30 November, approximately 119,000 export permits, totaling $1.8128 billion, had been issued. Of this amount, $1.2395 billion were nontraditional exports. With regard to traditional export values, coffee rose $17 million, cotton dropped $6 million, sugar rose $8 million, meat rose $3.4 million. During 1992-93, exports of traditional products rose $92 million in markets outside Central America and $24 million in the regional market. (Guatemala City PRENSA LIBRE in Spanish 30 Dec 93 p 63)

Guatemala Bank President Willy Zapata said on 30 December that the exchange rate fell from 5.25 at the beginning of 1993 to 5.77 percent on 29 December, a 9.9 percent depreciation. Zapata also said the money supply for 1993 grew 11.7 percent, or 348.7 million quetzales. He added that in 1994 the bank will seek to induce an interest rate reduction so as to generate increased investment. (Guatemala City PRENSA LIBRE in Spanish 31 Dec 93 p 46)

Nicaragua

Daniel Ortega Sends Congratulatory Letter to Cuba's Castro

PA0501001794 Managua BARRICADA in Spanish 2 Jan 94 p 8

[Letter of congratulations from Daniel Ortega Saavedra, secretary general of the Nicaraguan Sandinist National Liberation Front, to Cuban President Fidel Castro on the occasion of the 35th anniversary of the Cuban Revolution dated 1 Jan]

[Text] Managua, 1 January 1994

Commander Fidel Castro Ruz,

President of the Council of State and Council of Ministers

of the Republic of Cuba

Secretary General of the CC [Central Committee] of the PCC [Communist Party of Cuba]

Havana

Dear Fidel:

On this first day of January 1994, the Cuban people are celebrating the 35th anniversary of the victory of the Cuban Revolution. The Nicaraguan people, especially the Sandinists, happily join in celebrating this historic date, which symbolizes freedom and dignity for the Cuban people, the Latin American and Caribbean peoples, and the peoples from the North and South who have been able to appreciate the importance of this event.

In its 35 years, the Cuban Revolution has been able to overcome the many obstacles placed by the intolerant

U.S. Governments: the blockade, the attacks, the invasions, the sting operations, and the slanderous campaigns. All these obstacles, among others, have sought to deny the Cuban people their right to self-determination.

Marti's people have not weakened or given up during these 35 years; on the contrary, they have risen amid the aggressors' onslaughts. Cuba has been able to resist and show solidarity to the world's peoples. The Nicaraguan people have indelible and priceless memories of the generosity of these heroic people.

A century is about to end, and a new millennium is about to start, but it is painful to see how, despite the meteoric technological developments achieved by humanity, we will reach the next millennium without having eradicated famine, poverty, and the degradation of human beings. Quite the contrary, such scourges have worsened in most countries. It is even more painful to see how the U.S. Governments, acting above national and international laws with impunity, have been the first to deny Cuban people the right to build freely a society free of illiteracy and high infant mortality, and, above all, a society that is dignifying for human beings.

On this 35th anniversary of the victory of the Cuban Revolution, may you, Comrade Fidel, the Cuban people, and your party receive tokens of love and solidarity from the people of Augusto Sandino and Ruben Dario. We trust that Cuba will reach the next century with a stronger revolution that is free of the U.S. blockade and the meddling of U.S. rulers.

Greetings from the Sandinist National Liberation Front and from the Nicaraguan people. Best wishes for you and your people. Fraternally, [Signed] Daniel Ortega Saavedra

Sandinists To Hold First Special Congress on 20 May

PA0401131894 Managua BARRICADA in Spanish 2 Jan 94 pp 7, 8

[Report by Darwin Juarez]

[Excerpt] The First Special Congress of the Sandinist National Liberation Front [FSLN] will be held on 20 May 1994. The agenda includes issues that are essential to the existence of the FSLN and points in three directions: reform of the statutes, reform of the program, and election of authorities.

Prior to the congress and starting in January 1994, the organizing commission—headed by FSLN founder Tomas Borge Martinez—will make an intense effort in all the country's departments to ensure the participation of the Sandinist delegates and members in the preparatory debates. [passage omitted]

UNO Expels Confidence Party, Christian Party From Ranks

PA0401232894 Managua Radio Corporacion in Spanish 1230 GMT 3 Jan 94

[Communique issued by the National Opposition Union on 30 December; from the "Trench" newscast]

[Text] Because the National Democratic Confidence Party, PDC, and the Popular Social Christian Party, PPSC, which comprise the UDC [Christian Democratic Union], have established an alliance with the enemies of the UNO [National Opposition Union] and have violated their programs, principles, general guidelines, specific agreements, and the most recent commitments they signed with all UNO parties, the seven parties that signed a declaration on 15 December 1993, meeting as the UNO National Political Council on 30 December, decided to:

1. Expel definitely the PDC and PPSC, which are also known as UDC, from UNO ranks.

2. Concerning the Conservative Popular Alliance, APC, and the Nicaraguan Democratic Movement, MDN, it decided to ratify the 31 December 1993 deadline given them to sign the 15 December declaration, or such parties will be expelled from the UNO under the same conditions as the two other parties.

[Signed] Eli Altamirano Perez, national UNO coordinator.

Roundup of Economic Developments Through 3 Jan

PA0401194694

[Editorial Report] The following is a compilation of reports on Nicaraguan economic developments monitored through 3 January. Source is cited in parentheses following each item.

Prices of oil by-products were raised by the government on 3 January. Regular gasoline price rose from 14.60 cordobas ($2.30) to 14.88 cordobas ($2.34) per gallon. Premium gasoline rose from 16.42 cordobas ($2.58) to 16.90 cordobas ($2.66) per gallon. Diesel rose from 7.14 cordobas ($1.12) to 7.28 cordobas ($1.14) per gallon. The new prices were not officially published by the government. (Hamburg DPA in Spanish 2209 GMT 2 Jan 94)

Panama

Roundup of Economic Developments Through 3 Jan

PA0401211894

[Editorial Report] The following is a compilation of reports on Panamanian economic developments monitored through 3 January. Source is cited in parentheses following each item.

The construction sector grew substantially in 1993. The Panamanian Chamber of Construction reports construction permits were issued for $327 million, a 60-percent increase in value over permits issued in 1992—$252 million were issued in Panama City and $80 million were issued to the public sector. The figures reveal 25,000 workers were directly employed in the construction sector and 15,000 were indirectly employed. (Panama City Circuito RPC Television Network in Spanish 2300 GMT 30 Dec 93)

Roy Cardenas, director of marine resources in the Ministry of Commerce and Industry, says although Panamanian industrialists claim they have lost $60 million due to the U.S.'s tuna embargo, the actual loss is only $30 million. (Panama City EL SIGLO in Spanish 29 Dec 93 p 12)

A recent study by Rosa Elena de la Cruz of the Planning and Economic Policy Ministry states that economic growth by itself is not enough to reduce poverty. Unemployment dropped 20 percent in 1990 and 13.6 percent in 1992. In 1991, poverty was reduced to 48.5 percent and in 1992 to 40 percent of the population. Rural poverty is becoming urban poverty as the poor move to the cities. (Panama City LA ESTRELLA DE PANAMA in Spanish 30 Dec 93 p 40)

Argentina

President Criticizes Radicals, Press

PY0401231094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2021 GMT 28 Dec 93

[Text] Buenos Aires, Dec 28 (NA)—President Carlos Menem today renewed his attacks against the UCR [Radical Civic Union] and some newspapers. He said the Radicals "are totally wrong and their arguments are groundless" and charged that the press was "indulging in press terrorism."

This was the president's answer to a document on regional economies disseminated by the UCR and information published by a Buenos Aires newspaper saying that the government was seeking to promote Navy officers accused of torturing French nuns.

The UCR "is again swallowed by a sea of contradictions," the president said, because at the same time UCR politicians were releasing the document criticizing the government, economists, including Ricardo Lopez Murphy, were asking it to increase the depth of the adjustment program and speed up things.

The UCR document says the economic plan "has increased the gap" separating the poor and "the economic model implies an irresponsible trust in the spontaneous market capacity to correct inequalities."

The head of state said the provinces "are not at a boiling point" even though some people "would like to create that type of climate." The president stressed that the provinces "will continue to receive the funds due them according to the co-participation program, without ruling out some type of additional help in emergencies."

Menem made these statements during an impromptu news conference at the Olivos residence today.

In an interview that appeared in today's issue of a Buenos Aires paper, Menem says the election of constituent delegates would take place, in principle, on 20 March. He added that his ideal running mate for 1995 would be Buenos Aires Governor Eduardo Duhalde.

The president said he favors a "limitless reelection" of presidents. He recognized, however, that the projected constitutional reform will only allow him to continue as president until 1999, that is, if he is reelected next year.

Menem expressed the wish, however, to run again in 2003.

"I am not Matusalen, but I can wait four years and then run again. I will be 73 by then and I will still be fit" to do it, Menem said. The president said he was sure he would be able to extend his mandate until 1999.

Menem minimized the importance of the chief of cabinet, a position that will be created with the reform, by saying that it "will not mean any reduction of presidential powers."

Menem did not mention any possible candidates to occupy that position but admitted that he already had a candidate "in mind." [preceding two words in Latin]

Menem said there are "indications" of the presence "of leftist militants such as MAS [Movement Toward Socialism] followers among the agitators that provoked the disorders in the northern part of the country." The president was referring to the incidents in Santiago del Estero.

The president said he favors increasing the number of ministries from eight to 12 when the new Constitution takes effect. Menem said the new portfolios might be Science and Technology, Environment, and Production.

Regarding the Senate discussion on the constitutional reform bill, Menem warned that if the bill is approved without reducing a senator's mandate to four years "it will have to return to the Chamber of Deputies for a revision." Menem admitted, however, that the issue "is no longer in the hands" of those who signed the pact: Carlos Menem and Raul Alfonsin.

"We will try to make it stick, but we cannot do anything else. A pact between political parties is important but it cannot go over congressional authority," the president emphasized.

Menem dismissed "the possible danger" of constituent delegates going beyond what was agreed with Alfonsin "as long as the essence of the pact is respected."

Regarding the crisis in the provinces, Menem reiterated the need for "a rational transformation," stressing that the private sector "will be able to absorb dismissed public servants even in the poorest districts such as Santiago del Estero or La Rioja."

In his renewed attack against the press, Menem said journalists "indulge in press terrorism" when commenting on a report published by the Buenos Aires newspaper PAGINA 12. The newspaper article said the government intended to promote Navy officers accused of having tortured French nuns.

"There are no chances of a promotion," the president said after characterizing the article as "a coarse lie" and an "aberration."

The new presidential attack against the press included the media that reported the government intended to build a "ring-side" [preceding word in English] over the destroyed Olivos mausoleum where the remains of Juan Peron and Eva Duarte used to lie.

"You can only doubt a journalist's honesty when he lies so shamelessly," Menem said, admitting that the issue "really upset him."

"On top of all that, CRONICA on 27 December used the information to build up a petty scandal based on something that is not true," the president stressed.

Menem said the report saying that he and UCR President Raul Alfonsin would campaign for the reform was "inaccurate."

The president categorically denied that groups of activists linked to Julio Cesar Araoz, former health and social action minister, had participated in the incidents in Santiago del Estero.

Menem accused legislators of acting "from behind curtains and at midnight" for including a 120 million peso increase for national universities that previously had been vetoed by the government in the 1994 budget.

"They did not take into account how that spending would be defrayed. They acted without thinking," Menem said, adding that the Federal Law on Education already includes a 20 percent increase for education in 1994.

The president also criticized the approval of the 120 million pesos as "a strictly political and demagogic maneuver."

"Of course when we veto this type of legislation we are the bad guys and those who arbitrarily or carelessly included it in the budget end up receiving laurels and a crown," the president complained.

Menem said public employees who lose their jobs as a result of "transformations" in the public administration "will collect compensation and will be able to seek a more profitable job in the private sector."

"As long as we continue insisting on reducing production costs, what is called the Argentine cost, the possibilities for the establishment of new companies in Argentina, which is called, within quotes, poor, will increase," the president stressed.

Menem concluded by reiterating that he plans to meet with the governors, possibly at the Chapadmalal summer residence, "between 18 and 20 January."

Economy Minister Forecasts Economic Growth in 1994

PY0401151294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1433 GMT 2 Jan 94

[Text] Buenos Aires, 2 Jan (NA)—Economy Minister Domingo Cavallo has said that in 1994 the economy will grow by 6 or 7 percent, investments will increase by 15 percent, and exports will increase by 10 percent.

The minister said that 1994 will be "a very good year" in macroeconomic terms, and that inflation will be "below 5 percent."

Cavallo said that next year's great challenge will be the construction of new factories "to expand productive activities in the interior of the country, permit investments, and allow the creation of job opportunities and goods and services demanded by the people."

Cavallo reiterated that in order to achieve these objectives it is necessary to reach an agreement with the provinces—through the fiscal pact—in order to reduce taxes on productive activities and so reduce costs.

The minister said that the program will be complemented by "strong investments by the private sector and the provinces in roads, telecommunications, energy, railroads, and ports."

Cavallo said that increases in exports should be derived not from the fluctuations in international prices, but from the "increase in exportable volume." The minister forecast "an important increase in the export of hydrocarbons—oil and gas—as well as in agricultural products." Cavallo said that in 1993 the export of industrial manufactured products increased by 22 percent with respect to 1992.

The minister said that of the $1 billion 1993 increase in imports over 1992, "$900 million were the result of importation of capital goods."

Cavallo made these statements in an interview published by the magazine NOTICIAS. The minister said that in 1993 "consumption increased by 4 percent while the gross domestic product increased by 6 percent, which means that national savings have also increased."

The minister said that "all investments will be financed by our internal savings" by the year 2000. "This does not mean we will reject foreign capital, but I hope by then local companies will be investing outside of the country."

Regarding the 1994 fiscal account, Cavallo said: "It has been demonstrated to the IMF, and to all those who had doubts about the current Argentine Government economic policies, that we can lower tax rates, or eliminate them, and still increase our tax collections through the legalization of the country's economy."

Cavallo stressed that economists who predicted that the government would not be able to fulfill the year's fiscal goals were wrong, and will this year be wrong again. The minister added that the government will continue to improve on the tax administration system, will increase its austerity in the area of spending, and will intensify the fight on corruption using the criteria of equality and efficiency in the use of resources.

Cavallo pointed out that Santiago del Estero proved that "those who wanted to get votes with demagoguery and by squandering local resources will think twice before doing it again." "You can also win elections with austerity," Cavallo said, adding that "we must terminate the payment of exorbitant salaries and state purchases from contractors."

Cost of Services Higher Than Inflation Since April 1991

PY0401214694 Buenos Aires BUENOS AIRES HERALD in English 4 Jan 94 p 7

[Text] (NA)—The cost of services has gone up by as much as 157 percent since the start of convertibility, the UADE [Argentine Business University] Argentine business university reported yesterday.

Some of the figures released by the UADE register almost triple the 53 percent inflation measured by the government since the convertibility plan was introduced in April 1991.

Rents have gone up by a staggering 157.2 percent while doctors and dentists have increased their fees by up to 137 percent. Hairdressers were not far behind as their rates have bounded skyward, bringing them up to 103 percent higher.

According to the UADE report domestic help has kept pace with this upward surge and is now an average 99.9 percent more expensive.

Most people, with their wages seemingly stuck to a very low floor, have been amazed to see the cost of entertainment bubble up and up. A ticket to a football match now costs 92 percent more than nearly three years ago, as do cinemas and theaters.

Also hitting the wage earner's pocket has been the cost of the midday meal, which has gone up by a belt-tightening 77 percent since convertibility began.

Transport would appear to be the only service whose prices have gone up less than official amount for accumulated inflation. Short distance bus fares have increased 40 percent while the cost of a ticket on a commuter train has gone up by only 23 percent.

The UADE points out that the price rises in the last 12 months have caused a drop in the industrial worker's purchasing power in most areas. Widespread clothing imports have made refurbishing ones wardrobe one of the few good deals around. Purchasing power in terms of clothing has improved by 10 percent.

* UIA Demands Postponement of Mercosur Until June 1994

94SM0155A Buenos Aires CLARIN in Spanish 30 Nov 93 pp 20-21

[Article: "Seven Asymmetries"]

[Text] The Argentine Industrial Union (UIA) has asked the government to postpone the Mercosur [Common Market of the South] commercial integration program until 30 June 1994. The Union is seeking the six-month delay because of marked imbalances between the Argentine and Brazilian economies. "If protective measures are not taken," it warns, "Argentine productive activity will be totally replaced by Brazilian imports."

Seven Asymmetries

Argentine manufacturers point to at least seven areas in which there are cost differences compared with their Brazilian counterparts.

These are the so-called "asymmetries," the euphemism used to avoid mention of something even more formidable: the advantages which Brazil extends to all manufacturers to help them penetrate the Argentine market.

The Argentine Industrial Union's missive spells out a few, while avoiding the mention of a source of irritation to Minister Domingo Cavallo: Nowhere is any reference made to the gap between the Argentine rate of exchange and the constant devaluation in Brazil. It merits only passing mention even though it is the favorite argument used by Itamar Franco's government to counter demands made by Argentine industry.

The UIA cites the following Brazilian economic factors that affect Argentine manufacturers:

1) the enormous difference in the cost of electric power, which the UIA believes has resulted from the failure to amortize government investments in the hydroelectric plants that generate over 90 percent of all electricity used in Brazil;

2) the extremely high rate of tax evasion, which Brazilian authorities put at a minimum of 55 percent;

3) competition between Brazil's states to attract investments by granting high tax exemptions to investment and production projects;

4) the lag in real wages;

5) financial benefits for exporters that charge the daily exchange rate while paying for consumable expenditures, services, raw materials, and personnel at the old rate;

6) the existence of subsidies in certain cases where raw materials are supplied by government-owned enterprises; and

7) long-term financing for sales of capital goods at very low interest rates.

For the first time, the association of Argentine businessmen has demanded officially that the government temporarily suspend all of the central issues of the integration treaty with Brazil.

The drastic and unusual request is included in a document in which the Argentine Industrial Union warns of a grave danger to the entire Argentine economy. It emphasizes that if special safeguards are not put in place, "productive activity will be totally replaced by Brazilian imports" in many manufacturing sectors.

Brandishing these dramatic arguments based on the manifest economic imbalances of Brazil and the productive disadvantages of our own national industry, the

manufacturers are urgently demanding drastic measures to check the wave of Brazilian imports.

In other words, they are asking for time and do so in the following terms: "It is imperative that we draft necessary amendments or extend the transitional period provided for in the treaty, which essentially grants sufficient time so that our main Mercosur partner may make indispensable adjustments in order to coordinate its macroeconomic policies with the remaining countries."

The demands are included in a letter which the Argentine Industrial Union has sent to the head of the Ministry of Economy.

The five-page letter is dated 18 November and spells out the negative effects suffered by Argentine business. Jorge Blanco Villegas delivered the letter to Minister Domingo Cavallo in person.

It states textually that: "It is our view that the deep-rooted asymmetries currently existing between Argentina and Brazil and which are commercially favorable to the latter will increase immediately, aggravating the problems and harm suffered by many Argentine industries."

The manufacturers therefore ask that "play be halted" throughout the process of integration with Brazil. They are specifically asking for a general postponement lasting approximately six months.

They do so straightforwardly: "We propose to set a period ending on 30 June 1994 (rather than 31 December) in order to enable the countries involved to draw up new schedules for the Mercosur commercial liberalization and special lists."

In case any doubt should remain, they continue: "We also propose the date of 30 June 1994 for determining the common foreign tariff and new guidelines for sectorial agreements."

The following are among the urgent measures requested by the manufacturers' association:

1) temporary suspension of the commercial liberalization schedule, meaning that the deadline of the end of December would be removed;

2) temporary suspension of the reduction in the list of exceptions so that the 20 percent set for the end of this year would not take effect;

3) modification of the Las Lenas schedule to permit a fairer and more appropriate drafting of the common foreign tariff; and

4) a modification of current guidelines for sectorial agreements.

The manufacturers' association issued its strong demand in order to mediate the internal dispute raging in the government over Argentina's position vis-a-vis Brazil.

The Foreign Ministry intends to implement the agreement to the letter. Such is the gist of the position taken by Minister Guido Di Tella and Secretary Hector Gambarotta. In contrast, the Ministry of Economy is more sympathetic to problems caused by the invasion of imports because it throws the convertibility plan off balance.

In the letter, which is signed by top-ranking officials Jorge Blanco Villegas and Eduardo Faena, the Industrial Union paints a dark picture of the effects which integration will have on production if the government fails to take protective measures.

Those effects include the following:

Brazil's imports are replacing efficiently made local products.

Small and medium-size industries have curtailed their productive capacity because of the wave of imports.

Other manufacturing sectors have postponed and abandoned reconversion programs because of the commercial advantages of complementing sales with the same products imported from Brazil.

Tempted by temporary marketing advantages, some industrial sectors are totally replacing their production with imports, maintaining their share of the market and profits while gaining the added advantage of simplifying business.

All these difficulties stem from the unequal process of bilateral trade. Manufactured goods make up 90 percent of all purchases from Brazil. Argentina's exports of manufactured products comprise only about half (47 percent) of all goods sold and include agricultural products.

The UIA therefore emphasizes that the problems and ill effects suffered by many industrial sectors will be complicated as of 1 January and become even worse if no changes are made by the beginning of 1995.

The manufacturers argue that there is little time left and that a decision is urgent. They do not want to condemn Argentina to the role of supplying fuel and grain.

Bolivia

Foreign Ministry Responds to U.S. Complaint About Pardons

PY0401174894 La Paz LA RAZON in Spanish 21 Dec 93 p A3

[Text] Foreign Minister Antonio Aranibar yesterday stated that in a letter sent to the U.S. Embassy, the Bolivian Government made it clear that it acts and will continue to act in keeping with its domestic legislation. It further stated that it condemns any interference in matters that come under its sole jurisdiction.

The foreign minister made this public after reporting that he had received a letter from the U.S. Embassy, bearing seal number 466, in which the U.S. Government expressed its disagreement with the alleged granting of a pardon to a person implicated in terrorist crimes.

Aranibar stated that it is incumbent upon the Bolivian Government, to the exclusion of everybody else, to grant or not to grant a pardon to persons involved in some crimes, and that all the different levels of the judiciary abide by the country's legislation.

The foreign minister further stated that last 29 November he had received a verbal note from the U.S. Embassy, in which it voiced its opinion about the alleged granting of a pardon to a Bolivian citizen, Marcelo Oliva, who was implicated in an attack on the U.S. "Marines'" residence.

"We answered them through another verbal note, as appropriate, stressing that that was a matter that comes under the exclusive jurisdiction of the Bolivian Government," he explained.

He thus indicated that the different levels of the judiciary will respect the country's rules and legislation, which establish with striking clarity the independence of the three branches of government and the duties of each of them.

According to the foreign minister's statement, the long and the short of it is that the Foreign Ministry has made it clear that "the Bolivian Government acts and will act pursuant to the country's legislation." He went on to say that the Bolivian Government likewise condemns any interference in matters that come under its sovereign decision.

With regard to the "not too friendly" tone of the letter issued by the U.S. Embassy, Aranibar said that the Foreign Ministry's response to it was couched "in the tone, terms, and firmness suitable to the occasion."

In its letter the U.S. Embassy states that "the traditionally excellent relations existing between our countries may be adversely affected if a pardon is granted to terrorists or if any other measure is taken to release them."

To this effect, it points out that "the United States will hold responsible any individual who, directly or indirectly, supports terrorist actions against U.S. citizens or U.S. interests."

The letter openly accuses the Pro-Amnistia group for its activities toward obtaining a pardon for citizens who have been taken into custody on terrorist charges. It even threatens with applying all sorts of retaliatory measures if a pardon is indeed granted to these people.

Justice Poppe Calls President 'a Gringo Made in Bolivia'

PY0401181394 La Paz Radio Fides Network in Spanish 1100 GMT 4 Jan 94

[Report from Potosi]

[Text] Justice Ernesto Poppe Zubieta yesterday said during a news conference: They could not find any evidence against me in either the Ibarra or the Meco Domingez case. The United States is interested in having me removed from office because I demanded to know where the property and assets seized from drug traffickers ended up. I was against Supreme Decree 21060 because it was inhuman. I rejected Article 55 of that law, which supported private businessmen, enabling them to hire workers without due regard for their rights.

I am a genuine member of the MNR [Nationalist Revolutionary Movement] Party, but of the historical and loyal MNR, not the MNR that lets its name be used so that the United States may govern our country through a gringo made in Bolivia.

This trial is totally ridiculous. It is a political and biased trial. Nothing was proved against me. The Bolivian state is overburdened with corruption, so much so that corruption has become the property of the Bolivian Government. Corrupt practices are rampant in the three branches of government—the Executive, the Legislative Branch, and lower levels of the judiciary. Malfeasance and corruption are prevalent in the judiciary because there are no mechanisms in force to prevent this, such as better salaries and wages, or increasing the number of judges to prevent the backlog of work. [passage indistinct]

Government Minister Interviewed on Fight Against Drugs

PY0401192394 La Paz PRESENCIA in Spanish 22 Dec 93 p 7

[Interview with Government Minister German Quiroga by Mario Canipa Vargas in La Paz—no date given]

[Excerpts] [Canipa] The government has been making changes since its inauguration last August. It is insisting on making changes. What are the changes made in your ministry?

[Quiroga] There are three basic aspects we want to change in the transition from the old Interior Ministry to the new Government Ministry.

The first is related to the intelligence services, which terrified the people. This was the part of the state that investigated the possibility of a coup, of sedition. But we now believe that under a modern and established democracy like ours, these services must contribute to people's security, and along with its basic organization—which is the police—should support Bolivians and give them daily security.

We are working on it. The first step taken is to institutionalize the intelligence services and put them in the hands of the police in order to prevent them from becoming an instrument of the political power that happens to be in charge of the Government Ministry.

[Canipa] Is there no longer a Government Ministry intelligence service?

[Quiroga] There is an intelligence service in the Government Ministry that depends on the police, and all its members are part of the Bolivian police.

This is closely linked to the changes in the police as part of the first aspect. [passage omitted]

[Canipa] What will happen with the struggle against drug trafficking? Will it be included in these changes?

[Quiroga] Of course. To start with, we have changed the Social Defense Secretariat, which once was exclusively linked to the issue of coca and cocaine. It now has a wider role involving prevention and interdiction.

Although interdiction had been an important role, we believe alternative development is also an essential issue. It will not be possible to achieve an adequate replacement for surplus coca production if we are not able to find an economic solution.

The only way that an individual who grows coca stops doing it is when he realizes that growing another product is more profitable than growing coca from the economic point of view.

This is what we are working on. We have taken control of the fund for alternative development by changing its structure. We created an executive board presided over by a delegate of the president of the Republic, and its responsibility is shared by the Executive Branch and coca producers.

We would like to see the executive board create the ideas to carry out alternative development.

Eradication will be linked to alternative development. In those places where eradication is being carried out there will be alternative development, and where alternative development took place it was because there was a reduction in coca growing.

But I am not saying that we will eliminate interdiction. We will continue the work being carried out in the country but interdiction will be exclusively against drug traffickers, not against coca growers or people involved in the legal commercialization of coca.

We have a Special Antinarcotics Force [FELCN] that is an example for Latin America, and we will continue to support it because we believe that interdiction is essential. We also will carry out prevention as an overall part of our strategy, and this is why we created the Social Prevention Under Secretariat, which will deal with alcoholism, drug addiction, and crimes. This organization will help try to prevent these evils in society through teaching programs.

[Canipa] To talk about successful and real alternative development, not just in speeches the way it is now, means talking about resources. How will you finance the alternative development projects to become a reality?

[Quiroga] We are talking about three basic sources of financing. The first is the resource that drug trafficking itself produces. The country has many resources from drug trafficking that are lost with time. We are talking about a great deal of money, many assets that have been disappearing.

The one responsible was first the Interior Ministry; later it was a shared responsibility between prosecutors and the Interior Ministry. Now it is the responsibility of prosecutors and the judges who hand over the assets to trustees who later disappear.

We will propose that the Legislative Branch change the law to be able to immediately auction confiscated assets to create a common fund to support the people found innocent after their assets were confiscated.

With this fund we hope to finance 30 to 35 percent of the alternative development programs.

The second resource will be multinational organizations. The United Nations and the Inter-American Development Bank are interested in carrying out alternative development programs under the concept that the only way to do it adequately is through the industrialization of the areas where surplus coca is grown.

The third financing resource is the United States with bilateral aid. That country gave about $20 million to $25 million annually for alternative development, but a large part of those resources were used to pay salaries and not necessarily to carry out alternative development.

With these three resources, which are not from the national Treasury, in addition to some funds from the national budget, we believe we can carry out a good alternative development policy.

[Canipa] Regarding interdiction, there has been a great deal of talk about the presence of Colombian drug traffickers in Bolivia. Is that true?

[Quiroga] We have information about new technology. The technology used in the country is different from that used by the Medellin and Cali cartels. But in the last two years we have seen that the technology to produce coca and cocaine in the country has quickly improved. And this makes the narcotics intelligence organizations think there is permanent and decisive cooperation by the Colombian drug cartels.

Another aspect is that probably 80 percent of the drug produced in the country goes to Colombia. Whether it

goes to Paraguay, Argentina, or Brazil, its final destination is Colombia, where the last stage of purification is made before it is sent to the United States.

Perhaps this is the most important reason to continue with interdiction, to prevent Colombian drug traffickers from establishing themselves in our country.

[Canipa] Does this represent a threat of violence ...?

[Quiroga] Without a doubt, this may represent violence because the mafia is violent and we will not send nuns from a convent to fight against them. We must send outstanding officers against them because this is a war, a war in which the government, the police, have to fulfill the laws when the other side violates them.

Drug traffickers violate sovereignty, hurt the population by threatening them, and also murder with impunity.

It is an unjust struggle because one side has laws and regulations to fulfill while the other side has absolutely no restrictions.

[Canipa] Do you have a list of the main drug traffickers in the country? Who heads the list?

[Quiroga] We have a permanent list that undergoes changes based on arrests. The number one in the country is "Meco" Dominguez, who was sentenced but later escaped; he is at large.

There is also a list of nine individuals who are a number one priority for FELCN. Only two months ago the number one on that list was "Nando" Gutierrez, who was captured. As you can see it is a list that changes periodically.

We have a FELCN that is very efficient but the DEA's cooperation in this work must be recognized.

Brazil

Finance Minister Cardoso, Britto To Run for President

PY0401213594 Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Jan 94 Section 1 p 5

[Article by Gilberto Dimenstein and Tales Faria from the Brasilia Bureau]

[Text] Former Social Security Minister Antonio Britto, a member of the PMDB [Brazilian Democratic Movement Party], and Finance Minister Fernando Henrique Cardoso have decided that they will campaign together in the upcoming presidential elections. The agreement of these two people, which still has to be approved by their respective parties, indicates that whoever of the two comes out best in the election opinion polls will have the support of the other in the first round of the elections.

Britto's decision points to a rebellion in the PMDB in the seeking of an alternative to the eventual presidential candidacy of former Sao Paulo State Governor Orestes Quercia. In this case, the party's Rio Grande do Sul State wing now will support the finance minister candidacy.

"Cardoso is the best candidate," Britto said when he reaffirmed his decision that he only wants to run for governor of Rio Grande do Sul State. But, despite the fact that he has said he will only run for the governorship, the former minister still is considering an eventual run for the presidency.

The importance of this alliance can be measured by the Datafolha poll released on 2 January: Antonio Britto is in second place with 12 percent and Cardoso comes close behind with 10 percent. The Britto-Cardoso ticket would be the basis of a strong center-leftist option that could even obtain the support of conservative groups.

Both Britto and Cardoso are strengthening their ties with PFL [Liberal Front Party] factions such as those of Pernambuco State Governor Joaquim Francisco and Luis Eduardo Magalhaes, son of Bahia Governor Antonio Carlos Magalhaes, the party's leader in the Chamber of Deputies.

The problem lies in the fact that while Britto already has guaranteed support for the finance minister from the Rio Grande do Sul PMDB branch and other party groups in Minas Gerais, Bahia, and Ceara States, Cardoso will find it difficult to convince his own PSDB [Brazilian Social Democracy Party] to support a PMDB member, even though it happens to be Britto. The strongest opposition among the Tucanos [PSDB members] regarding this problem comes from the party's president, Tasso Jereissati himself.

The Britto-Cardoso ticket has the support of President Itamar Franco because he sees the possibility of resurrecting the MDB [Brazilian Democratic Movement] with an eye to attracting PP [Popular Party] and PTB [Brazilian Labor] groups, especially in Minas Gerais State.

Finance Minister Cardoso 'Optimistic' About 1994 Economy

PY0401192094 Rio de Janeiro O GLOBO in Portuguese 1 Jan 94 p 15

[Text] Finance Minister Fernando Henrique Cardoso ends 1993 feeling optimistic. He predicts that in 1994 Brazil's GDP will grow 4 percent, inflation will be curbed, and the hunger problem solved. He added that during 1993 Brazil proved to have strong and democratic institutions capable of resisting the impact of the budget Congressional Investigating Committee.

He added: "We are ending the year with encouraging economic indicators, the recession has ended, the employment rate has increased, and real salaries have increased."

In 1994, Cardoso hopes Congress will approve a balanced budget and streamline public expenditures so the

government can curb inflation, thus creating better conditions for more investments and job opportunities. In his opinion, all the attention should be focused on social problems, which are the most important ones the country has.

The finance minister said that next year Brazilians must have more confidence in themselves and their capacity to become organized. He suggested: Every citizen should vote properly, choose his candidates properly, and then demand what the people need: better salaries, more health care, more housing.

Although he asserted that he did not wish to argue with any judge, he criticized the slowness of the Judicial Branch, which delays lawsuits involving the collection of funds by the government. As examples he mentioned the decisions regarding the collection of Cofins [Social Security contributions] and the IPMF [provisional tax on financial operations]. Cardoso once again said that privatization and contracts for administration [through which production goals are set in exchange for administrative autonomy] are the only alternatives in view of the government's lack of control over public enterprises, due to a Supreme Federal Court resolution against restricting salaries. On 31 December, the minister demanded that bankers have a more patriotic spirit when he learned that the financial sector promised to return to borrowers the additional taxes charged them by the fiscal measures.

Cardoso said he is not contemplating the possibility of running as a presidential candidate and recalled that his mandate as senator does not expire until 1995.

"I have never acted as a candidate. I am finance minister and trying to solve Brazil's economic problems; this is my duty now."

Official Views Budget Design, Cuts

PY0401190094 Rio de Janeiro O GLOBO in Portuguese 1 Jan 94 p 16

[Interview with Executive Planning Secretary Raul Jungmann by Sergio Leo on 30 December 1993; place not given]

[Text] [Leo] The budget was designed to cover an estimated monthly inflation rate of 35 percent for the entire year. This index, however, is not part of government plans. Has this not made the budget somewhat unreal?

[Jungmann] No. The important thing is that the estimated inflation rate is stable. The dropping inflation rate, which was provided for in the original budget, was inappropriate because current salary rules might cause personnel and social security spending to increase in real terms, something that should not occur.

[Leo] Does the stabilization plan not allow for increases, in real terms, in public servant salaries and social security spending?

[Jungmann] Certainly not. There will be no real-term increase. Personnel spending will grow basically because of four factors: The $2.1 billion that the government will have to pay as social security contribution on the payroll; the $300 million paid as the GAE, which is the executive activity bonus that was granted to all public servants until May; the $345 million to cover unpostponable personnel needs of the Revenue Department, the Federal Police, and the DNER [National Highway Department]; and $280 million for court-ordered payments.

[Leo] On the morning of the day on which the budget was announced, the team was still debating the figures. What was the source of the trouble?

[Jungmann] Budgets are always closed at the last minute. It is necessary to consider pressure from several sectors. Sometimes, a modified calculation, percentage, or new estimate can require 12 or more hours of work. The delay was first caused by the negotiation of allocations with the Legislative and Judicial Branches, and then by the need to correct any inconsistencies detected, like the lack of funds for the school breakfast.

[Leo] The LBA [Brazilian Welfare Legion] of Social Welfare Minister Leonor Franco suffered some of the largest cuts. Is there anything left for the LBA?

[Jungmann] Only the activities that call for permanent service were maintained, like nurseries, assistance to pregnant women, and those undertakings that are not temporary. We cut around 4 billion real cruzeiros at the April rate, (approximately $140 million). We tried to cut all voluntary activities that could be undertaken by state and municipal governments. This budget marks the end of a historic cycle in which the central government met obligations that should fall under the private sector and other government sectors.

[Leo] In the social area, the allocations for the Health, Labor, Culture, and Social Welfare Ministries are smaller than those in 1993. Is this not a contradiction?

[Jungmann] In the case of the Labor Ministry, adjustments were made in the Workers' Protection Fund, whose allocations are tied to budget income. A 15-percent allocation for the Emergency Social Fund was cut. In area of health, we estimated on the average spending of 1992 and 1993, because in 1992 there were some expenses that were paid for the following year, and this increased spending in that year. One of the Planning Ministry's concern is to improve the use of funds and their productivity.

[Leo] The government granted military demands, but cut allocations of the Science and Technology and Culture Ministries with little effect on the budget. Why?

[Jungmann] In the case of the Science and Technology Ministry, we tried to preserve the system of scholarships and matching funds for international resources—most funds are of this nature. In both cases, we cut expenses

that could be postponed and which were not very important at a time of adjustment. We concentrated on the seven largest ministries, which have the largest budget allocations. They are the Health, Regional Integration, Education, Agriculture, Transportation, Social Welfare, and Justice Ministries.

[Leo] Why did Seplan [Secretariat of Planning and Coordination of the Presidency of the Republic] reduce the expected cuts?

[Jungmann] We needed funds to replace the data processing system and for the IBGE [Brazilian Institute of Geography and Statistics], areas in which we have become outdated. Funds were also channelled to the Ipea [Applied Economic-Social Research Institute] network, which is a system that we created with state and municipal governments to join all the research centers of the country through a computer network.

[Leo] Why did allocations for the Armed Forces Staff increase by 141 percent with respect to 1993?

[Jungmann] Specifically to expand the Armed Forces Hospital, the funds of which had been cut. Without funds the program and the operation of the hospital would have been jeopardized.

[Leo] Is it not contradictory to allocate funds for the Armed Forces Hospital while cutting the entire health area budget?

[Jungmann] No, because it is a standard Armed Forces hospital, that meets military specifications.

[Leo] How can you justify an increase of almost 50 percent in Judicial Branch allocations?

[Jungmann] An agreement was reached with the Judicial Branch to design an integrated budget. In the past, with the independence of the branches of government, the budget of the courts was included—in an unspecified manner—in the contingency allocation. Second, the Judicial Branch stated that it was unable to review the figures that had already been agreed because it would be difficult for them to gather, during the recess, all the court members, who are legally entitled to be heard in matters of this nature.

[Leo] And the Legislative Branch? How can it justify its increase?

[Jungmann] Wilson Pontes, first secretary of the Congress Board, told us that they have precarious facilities and that their allocations have been decreasing. They have gone through a budget reduction process and this is the smallest budget in the last five years, thus it is impossible to make any further cuts.

[Leo] Yet in 1993 they spent less than they were assigned for 1994.

[Jungmann] Their budget was bigger at the beginning of the year. Their allocations actually decreased.

* Franco Narrows Field for New Cabinet Members

94SM0148B Brasilia CORREIO BRAZILIENSE in Portuguese 5 Dec 93 p 2

[Article by Tarcisio Holanda: "New Year, New Administration, Says Itamar"]

[Text] President Itamar Franco has told the government leader in the Senate, Pedro Simon (PMDB [Brazilian Democratic Movement Party], Rio Grande do Sul), that he intends to start the new year, on 1 January 1995 [as published], with a substantially different cabinet. This means that the president is already choosing his new ministers, even though the deadline for resignation by those who will be candidates in 1994 is not until 30 December.

While it is completely certain that the Ministries of Regional Integration (Alexandre Costa) and Social Welfare (Juthay Magalhaes, Jr.) will be eliminated, the president has abandoned his original intention to do the same with the Ministries of Culture and of Science and Technology, which will remain in existence. Thought is being given to the establishment of a Special Ministry of Administrative Reform to monitor the new reform.

President Itamar Franco intends to choose a few senators whose terms expire in 1999 for his latest cabinet, according to the government leader in the Senate, Pedro Simon. Senator Beni Veras will certainly be a minister, but not of industry and commerce, since the president intends to give that post to a Sao Paulo businessman or to the ministry's current executive secretary. Beni Veras may be the minister of mines and energy succeeding Paulino Cicero, who is resigning in order to be a candidate in the 1994 elections.

The president is also thinking of appointing Espirito Santo Senator Elcio Alvares to the Ministry of Communications. Elcio has come to enjoy a good relationship with President Itamar Franco since assuming one of the deputy leadership positions in the administration. What is more, his name does not arouse any displeasure on the part of Roberto Marinho, head of the Globo TV network.

Also in Elcio Alvares's favor is the fact that he did an outstanding job on the congressional investigating committee [CPI] looking into the Collor-P.C. Farias operation's influence peddling and corruption and is now performing equally well on the CPI investigating corruption on the Joint Budget Committee, where he is a member of the subcommittee investigating the diversion of social security funds.

President Itamar Franco would like to see his friend Henrique Hargreaves return as chief of the Civilian Household, a position that Hargreaves resigned after the former adviser to the congressional Joint Budget Committee, Jose Carlos Alves dos Santos, included his name on a list of 27 individuals involved in the budget scandal.

Since the CPI found nothing to incriminate him, Hargreaves reportedly will be invited to return to his post, something that would please the president very much.

So far, no one knows what Hargreaves' reaction will be. He was very put out with President Itamar Franco, whom he accuses of not giving him any support at a difficult moment. As adviser to the leadership of the PFL [Liberal Front Party], Hargreaves had the duty of staying in professional contact with Deputy Joao Alves, who still occupied a key position on the Joint Budget Committee.

The president of the republic himself has decided that some cabinet posts will be occupied by technocrats. Minister of Social Security Antonio Britto has been successful in naming his current executive secretary, Sergio Cutolo dos Santos, to replace him. Cutolo is a career official in that ministry.

Minister of Agriculture Dejandir Dalpasquale may also be replaced by his ministry's executive secretary, agronomist Alberto Duque Portugal. Actually, Portugal occupied that post even before Dalpasquale was appointed, having been chosen by Itamar himself. It is possible that the executive secretary of the Ministry of Industry and Commerce, Ailton Barcelos Fernandes, will also be confirmed under the same conditions. Itamar would then be ensuring continuity of action in the Ministries of Social Security, Agriculture, and Industry and Commerce under people that he trusts.

President Itamar Franco is also thinking of choosing a technocrat to replace Deputy Alberto Goldman in the Ministry of Transportation, according to Senator Pedro Simon, his leader in the Senate. Since there is a shortage of available politicians, Itamar knows he will have to find good technocrats or bureaucrats to fill the spots left empty in a few important ministries. But Simon denies knowing any of their names.

The senator from Rio Grande do Sul has confirmed, however—still without mentioning any names—that President Itamar Franco is interested in having a businessman in his cabinet. One of the president's close friends says he would like very much to have businessman Antonio Ermirio de Morais as his minister. There has been talk of Ermirio's being appointed minister of mines and energy, but the same friend mentioned his name in connection with the Ministry of Industry and Commerce.

The timetable for resignations by ministers wanting to run for office has been confirmed: Antonio Britto will leave the Ministry of Social Security on the 15th; Ministers Jose Eduardo Andrade Vieira (Industry and Commerce), Alberto Goldman (Transportation), and Dejandir Dalpasquale (Agriculture) will follow on the 20th; Alexandre Costa (Regional Integration) and Hugo Napoleao (Communications) will leave on the 23d; and Paulino Cicero (Mines and Energy) and Juthay Magalhaes, Jr. (Social Welfare) will resign on the 30th. Senator Pedro Simon believes that the president of the republic will have made all his choices by the 15th of this month, thus completing the selection of his new cabinet.

* Cardoso Seen Natural Candidate at PSDB Convention

94SM0148C Brasilia CORREIO BRAZILIENSE in Portuguese 5 Dec 93 p 2

[Article: "PSDB Launches Cardoso for Presidency in Sao Paulo"]

[Text] Sao Paulo—Fernando Henrique Cardoso is the PSDB's [Brazilian Social Democracy Party's] natural candidate for president of the republic. That was the consensus yesterday among such party bosses as Governor Ciro Gomes and Senator Mario Covas at the Second PSDB National Convention. "Among us, he is the man of the hour," says Ciro Gomes, who feels that the minister of finance will be the PSDB's candidate in any political scenario. Senator Mario Covas agreed with his PSDB colleague: "The PSDB has its own candidate, and Fernando Henrique is the natural choice." Another supporter of the minister of finance's candidacy for president of the republic is the former mayor of Rio de Janeiro, Marcello Alencar. In his opinion, Fernando Henrique has already been decided on as the party's principal option.

The PSDB's leaders also admit the possibility of alliances with the Workers Party [PT] in the second round of balloting. According to Governor Ciro Gomes, there is bound to be a convergence of interests with the "neighboring" party that will compel each of them to open up its platform in search of joint alternatives. "With that in mind, it is beyond question that in the second round, we will join with the PT," he said, while emphasizing that at the moment, the PT's platform is very narrow and not adapted to the country's energies. According to Senator Mario Covas, an alliance with the PT is still an unlikely possibility.

In the opinion of Tasso Jereissati, the PSDB's president, discussions within the party lead one to believe that the PSDB will have its own candidate in the first round. "It is obvious that there will have to be alliances in the second round," he said. Former Minister Luis Carlos Bresser, who is considering running for federal deputy, praised the minister's plan, announced on Tuesday, for combating inflation. According to the economist, the new index base may lead to a leveling of prices in three or four months, thus reducing inflation.

* Fleury Names Possible PMDB Candidates

94SM0148D Brasilia CORREIO BRAZILIENSE in Portuguese 4 Dec 93 p 8

[Article: "PMDB To Pick Candidate in February, Fleury Predicts"]

[Text] Sao Paulo—Sao Paulo Governor Luiz Antonio Fleury Filho said yesterday that the PMDB [Brazilian

Democratic Movement Party] would not pick its presidential candidate until around the end of January or the beginning of February. "This is not the time to choose a candidate," he said. "Fortunately, the PMDB has more than one option," he added. Fleury was participating in the kickoff of the drive against unemployment during the 30th National Forum of Secretariats of Labor.

Among the PMDB's possible candidates to succeed President Itamar Franco, the governor mentioned Antonio Britto, Pedro Simon, Iris Rezende, Jarbas Vasconcelos, and Orestes Quercia. Fleury asserted that the PMDB was not working out any alliances with any other party. "Some parties have approached us, but the matter will not be decided until this coming March," said Fleury.

Asked about a possible loss of support for the PMDB because of the budget scandal, an irritated Fleury answered: "There is no party that has not been mentioned by the CPI [congressional investigating committee]." Expecting that someone might mention the PT [Workers Party], he immediately corrected himself without referring to Luiz Inacio Lula da Silva's party, saying that some parties are involved with labor unions in the financing of election campaigns.

The governor described the possibility of a rapprochement between the PPR [Progressive Renewal Party] and the PMDB as "speculation." At the beginning of the week, Mayor Paulo Maluf and former Governor Orestes Quercia were at the Sao Paulo Governor's Palace to attend Michel Temer's swearing-in as secretary of government. "It is pure speculation, nothing more than that," Fleury repeated.

Fleury defended the idea that the Congress and Brazil cannot come to a standstill because of the CPI [congressional investigating committee] on the budget. "The country cannot keep waiting for the list that will be published the next day," he said. The governor expressed satisfaction with the fact that Minister Fernando Henrique Cardoso's plan will not reduce the amount of federal funds going to the states and municipalities. "That was a victory," he said.

Under the original plan, states and municipalities would have received 15 percent of the funds collected.

* Businessmen, Military Discuss Political Crisis

94SM0148A Sao Paulo GAZETA MERCANTIL in Portuguese 9 Dec 93 p 6

[Article by Jose Casado: "Businessmen and Military Hold Meetings To Discuss Political Crisis"]

[Text] Brasilia—The political crisis has become a permanent topic of conversation at meetings in the barracks. And since last week, the businessmen have been occupying a prominent place around the debating table in those barracks.

The sharing of ideas between military leaders and businessmen was started 10 days ago by General Benedito Leonel, Army chief of staff, who is considered a prime example of conservatism in military circles.

He called 20 general officers and leaders in the fields of industry, trade, agriculture, and transportation together at headquarters in Brasilia for a lengthy political analysis that included such topics as the presidential succession, corruption, the removal of congressmen from their seats, recession, unemployment, social disturbances, and constitutional revision.

Those attending were Albano Franco of the National Confederation of Industry (CNI); Carlos Eduardo Moreira Ferreira of the Sao Paulo State Federation of Industries (FIESP); Antonio Ernesto de Salvo of the National Agriculture Confederation (CNA); Clesio Andrade of the National Transportation Confederation (CNTP); Guilherme Afif Domingos of the National Confederation of Trade Associations; and Jorge Gerdau Johannpeter, an industrialist who heads the united lobby of businessmen concerned with constitutional revision.

"We realize that at the moment, they are also apprehensive about the crisis, worried about the dissatisfaction among the troops, and, chiefly, that they are working with scenarios taking all kinds of possibilities into account," said one of the businessmen taking part.

Since that meeting, groups of representatives of those business organizations have been meeting with groups of military officers. The topic is always constitutional revision.

Today in Brasilia, 180 general officers from the Army, Navy, and Air Force are meeting to hear President Itamar Franco speak at the customary yearend fraternization luncheon.

"Significant" Speech

According to his advisers, the president is prepared to deliver a "significant" and "important" speech that will have the character more of a message to the nation than of a statement to the troops.

He is expected to make explicit references to the need for deputation in the institutions and to reaffirm his commitment to give the executive branch's support to investigations into corruption related to the budget—through the special committee headed by General Romildo Cahim, minister of administration.

It is expected that he will hear expressions of apprehension from the barracks regarding impunity as well as the drastic cuts in the budgets of the three services—a cause of conflict with the economic team. It is also expected that he will hear a profession of faith in democracy.

In the most recent talks between the military and the businessmen, there has been detailed discussion of the presidential succession based on the crisis brought on by congressional investigations of corruption in the budget.

Some businessmen have been hearing criticism from the military leaders regarding the absence of any efforts by the elite to present a viable electoral alternative to the increasingly strong standing of the Workers Party candidate, Luiz Inacio Lula da Silva, in opinion polls regarding people's voting intentions. Yesterday in Brasilia, Lula reiterated his intention to meet with top military leaders for talks beginning in January.

General Leonel

Army Chief of Staff Gen. Benedito Leonel was one of those bringing up that aspect of the political situation at last week's meeting. Leonel impressed his audience of businessmen with his familiarity with political matters.

Last year, when Itamar Franco's administration was being put together just before the removal of then President Fernando Collor, Gen. Leonel was even considered for the post of minister of Army.

But leftist factions in Congress, headed by a wing of the Workers Party, submitted their protest to Itamar Franco: during Jose Sarney's administration, when he was chef de cabinet under Minister of Army Leonidas Pires Goncalves, Gen. Leonel had been the bearer of the order to the Army to invade the Volta Redonda steel plant—a conflict that resulted in the death of three workers.

"Lula Does Not Frighten Them"

For their part, the businessmen have surprised the military. A few days ago, for example, Admiral Mario Cesar Flores, minister-chief of the Strategic Affairs Secretariat, met with industrialist Jose Mindlin for a frank discussion of politics.

When asked about the businessmen's reaction to a possible election victory by the Workers Party candidate, Mindlin responded: "He does not frighten them." One reason, according to the industrialist, is Lula's agreement with ideas regarding the protection of domestic enterprise.

Colombia

LA PRENSA Reports U.S. Troops To Install Radar Sites

PA0401164894 Paris AFP in Spanish 1507 GMT 4 Jan 94

[Text] Santa Fe de Bogota, 4 Jan (AFP)—The American troops who occupy Bahia Malaga in Valle Department in the country's southern Pacific coast area prepared to establish a military surveillance complex to watch the Pacific seaboard, the morning newspaper LA PRENSA of Santa Fe de Bogota reported today. Under the headline "Marines Know How To Radar"—a play on the Spanish words equivalent to radar and swim, which sound similar in Spanish—LA PRENSA says the United States will install radar sites which will be connected to the radar network already installed in Central America.

The arrival of between 120 and 150 U.S. soldiers, who, according to the Colombian Government, started to arrive on 28 December as part of a civilian project construction agreement, has aroused a lively controversy among political leaders. The government says the U.S. soldiers' presence deals with the construction of schools, health posts, and several kilometers of roads in Juanchaco on the Pacific coast. LA PRENSA, however, has reported: "The U.S. Marines in Bahia Malaga intend mainly to conduct preliminary studies for the construction of a complex network of radar sites at a place regarded by the U.S. Government as the most strategic on the Pacific Ocean, near the Panama Canal."

Citing a report from its special correspondent Fernando Cortes, LA PRENSA, an opposition conservative paper, says the first radar site would cover from Bahia Solano on the coast to Panama and would link up with radar sites installed in Central America and the Caribbean, including Colombian-owned San Andres island. The paper reports that with these sites the Pentagon seeks to curb drug trafficking in the Pacific because the Governments of Colombia and the United States have for a long time been aware of the growing number of Cali Cartel routes in this area.

LA PRENSA further adds that 36 U.S. engineers are already in Bahia Malaga and that others are scheduled to arrive aboard several Black Hawk helicopters today. "They will be flown in directly from the Southern Command in Panama, and along the Humboldt current, in very covert flights to avert new incidents with the public if Colombian radar discovers them," LA PRENSA said.

Gaviria Denies Soldiers Building Base

PA0501013394 Madrid EFE in Spanish 0013 GMT 5 Jan 94

[Text] Cartagena de Indias (Colombia), 4 Jan (EFE)—Colombian President Cesar Gaviria said today, Tuesday, that the presence of approximately 170 U.S. soldiers in the country is following a "civic objective," because they will perform a "humanitarian" task.

This was the first time Gaviria has commented on the arrival of the U.S. Engineers Battalion on 27 December and 2 January. According to the government, the U.S. soldiers will build a school, a clinic, and a road in an area on the Colombian Pacific coast.

Since the U.S. Embassy announced the soldiers' arrival at the beginning of December in Santa Fe de Bogota, the presence of U.S. soldiers in Colombia has caused a big uproar in the country.

Referring to the presence of the U.S. soldiers in the Colombian Pacific area, President Gaviria said: "It is absolutely clear to the government that the soldiers' arrival has an explicit civic objective." The Colombian president made those statements to a group of journalists in the town of San Basilio de Palenque, near Cartagena

de Indians, on the country's northern Caribbean coast. Gaviria added that the government has no reservations or problem with any type of "citizen control" observing that the "Marines'" work is totally "humanitarian."

"While their presence is of a humanitarian nature, I do not understand why it would cause concern," the Colombian president said, after denying any possibility that the soldiers are attempting to build a military base in national territory. "Such a project cannot be carried out behind the people's backs," the Colombian head of state said.

The U.S. Embassy has reported that the U.S. military engineers would participate in an exercise program with the Colombian Armed Forces in an area of the Pacific Ocean, in the southwestern Department of Valle del Cauca. According to diplomatic representation, the program is called "Strong Roads Colombia 94," and the "Marines," who belong to the U.S. Southern Command stationed in Panama, will remain in the country until the end of February.

* Poll Surveys Attitudes Toward Escobar's Death

94WD0134Z Santa Fe de Bogota EL TIEMPO in Spanish 5 Dec 93 p 3A

[Text] On the very day that the Search Bloc shot down Pablo Escobar, EL TIEMPO and the firm Yankelovich Innova de Colombia asked Colombians for their opinions on the final episode in this 17-year history. The poll revealed that the majority would have preferred the voluntary surrender of the most wanted drug trafficker in the world.

Whereas 76.7 percent of those polled responded affirmatively to the question, "Would you have preferred Pablo Escobar's voluntary surrender?", only 14.2 percent replied that they would not.

Of the four cities surveyed (Bogota, Medellin, Cali, and Barranquilla), the latter had the most responses favoring surrender, with 82.5 percent affirmative answers. It was followed by Medellin, with 80 percent; Cali, with 79.7 percent; and Bogota, with 73.1 percent.

In Medellin and Cali, 11.4 and 8.7 percent, respectively, answered that they would not have preferred Pablo Escobar's voluntary surrender.

Nevertheless, the majority of those queried described the drug trafficker's death as a positive event. This claim was made by 48.3 percent, compared with 12.4 percent who considered it negative. It was immaterial to 30.3 percent of those polled.

In Medellin, however, Pablo Escobar's death was immaterial to the majority of persons (40.9 percent); whereas 33 percent regarded the event as positive, and 13.9 percent viewed it as negative.

In Cali, on the other hand, 48.1 percent replied that it was positive; 30.4 percent said that it was immaterial to them; and 13.9 percent described it as negative.

As for the possible consequences of Pablo Escobar's death for the law and order situation and drug trafficking activity, those polled thought that there would be very few repercussions.

According to the results, 34.4 percent did not believe that the law and order situation would be affected, and over half expected drug trafficking activity to remain the same.

These are the optimists: 29.1 percent thought that the law and order situation would improve, and 29.3 expected the drug traffic to decline.

And these are the negativists: 11.5 percent claimed that drug trafficking activity would increase, and 23.5 percent expected the law and order situation to worsen.

Bogota residents, however, were more positive compared with those of Cali, Barranquilla, and Medellin; because there were more in the nation's capital who thought that the law and order situation would improve than there were those expecting it to worsen.

In Cali, on the other hand, a larger number of those queried claimed that the law and order situation would remain the same, representing 40.5 percent of the responses; while 25.3 percent expected it to worsen. Only 12.7 percent replied that it would improve.

In Medellin, 32.2 percent responded that the law and order situation would remain the same; 30.4 percent expected it to improve; and 20.9 percent thought that it would worsen.

With regard to drug trafficking activity, in Cali, for example, 58.2 percent of those polled replied that it would remain unchanged, whereas 26.6 percent claimed that it would decline, and only 8.9 percent expected it to increase.

In Medellin, 47.8 percent believed that drug trafficking activity would remain the same; 25.2 percent expected it to decline; and only 12.2 percent maintained that it would rise.

In the breakdown by sex, more women than men would have preferred Pablo Escobar's voluntary surrender. Similarly, more women than men expected the drug trafficking activity to remain the same.

Poll on Death of Pablo Escobar (in percent)

As an event, it is....	
Positive	48.3
Immaterial	30.3
Negative	12.4
Don't know/no answer	8.9

Poll on Death of Pablo Escobar (in percent) (Continued)

Law and order situation	
Not affected	34.4
Will improve	29.1
Will worsen	23.5
Don't know/no answer	13
Drug traffic	
Will remain the same	52
Will decline	29.3
Will increase	11.5
Don't know/no answer	7.2
Would you have preferred voluntary surrender?	
Yes	76.7
No	14.2
Immaterial	6.0
Don't know/no answer	3.1

Source: EL TIEMPO—Yankelovich

Poll Profile

On 2 and 3 December (the same day and the one following the death of Pablo Escobar), EL TIEMPO and the firm Yankelovich Innova de Colombia began taking the public opinion poll.

The four questions were asked, by telephone, of a sample of 500 persons in four cities: Bogota, Medellin, Cali, and Barranquilla.

The distribution was as follows: Bogota, 250 polled (50 percent); Medellin, 113 polled (23 percent); Cali, 83 polled (17 percent); and Barranquilla, 54 polled (10 percent).

A certain number of surveys were made in each city, based on the socioeconomic distribution of the Colombian population: 25 percent representing the upper stratum; 60 percent, the middle stratum; and 25 percent, the lower stratum [as published].

Of those polled, 41.4 percent were of the male sex, and 58.6 percent, female. The majority had completed their studies for a high school diploma, or had a higher level education.

Roundup of Economic Developments

PA0401211594

[Editorial Report] The following is a compilation of reports on Colombian economic developments monitored through 3 January. Source is cited in parentheses following each item.

Rodolfo Uribe, director of the National Administrative Department of Statistic (DANE) has disclosed that inflation in Colombia during 1993 had reached 22.6 percent, 2.5 points less that in 1992. He indicated that despite the government's inability to reach its 22 percent inflation goal, it came pretty close, evidence that "it is winning the battle against inflation." Uribe recalled that in 1993 accumulated inflation in Colombia reached 25.13 percent. In December 1993, cost of living increased most in Cali at 1.67 percent, followed closely by Medellin with 1.46 percent. Santa Fe de Bogota recorded inflation of 1.03 percent in December. Colombian cities with the lowest increase in cost of living were Cucuta with 0.85 percent and Pasto with 0.15 percent. President Cesar Gaviria's administration has set 19 percent as the 1994 inflation goal. (Hamburg DPA in Spanish 1752 GMT 2 Jan 94)

Figures made public today by DANE reveal that unemployment fell during 1993 from 9.6 percent to 7.9 percent. According to DANE figures, unemployment levels in the four leading metropolitan areas of Santa Fe de Bogota, Cali, Medellin, and Barranquilla were less than 7.6 percent. The report also reveals that the private sector created at least 75,000 jobs in the past year. Unemployment in the four leading metropolitan areas during December totalled approximately 354,000, of an economically active labor market of 4.7 million Colombians. (Madrid EFE in Spanish 2041 GMT 28 Dec 93)

Gasoline prices were adjusted by 19 percent throughout Colombia on 27 December. The price of regular gasoline increased from 578 to 688 pesos, and premium gasoline prices increased from 718 to 854 pesos. Cocinol, fuel distributed mainly in Santa Fe de Bogota's lower income communities, rose from 85 to 100 pesos, or 17.65 percent. It is the first time in six years that the government has increased gasoline prices based on the 1994 inflation goal of 19 percent. Previously, price adjustments were implemented with the intention of covering fluctuations in the cost of living index during the current year. (Santa Fe de Bogota EL TIEMPO in Spanish 20 Dec 93 pp 1a, 8a)

Ecuador

Tribunal Announces Legislative Elections 1 May

PA0401193494 Paris AFP in Spanish 0130 GMT 2 Jan 94

[Text] Quito, 1 Jan (AFP)—On Saturday evening, Ecuador's Supreme Electoral Tribunal [TSE] announced that legislative elections will be held on 1 May to choose deputies, provincial councillors, and minority councilmen [concejales de minoria].

In a resolution released via a radio and television network, the TSE stated that the call to elections abides by the constitution, electoral laws, and municipal regulations. "This call is based on the results of the fifth population census and the fourth housing census," the TSE explained, noting that 77 deputies, 54 councillors, and 607 councilmen will be elected. The TSE added that the elections will last 10 hours and will be free and popular. Those elected will hold office for two years.

Officials React to Febres-Cordero's Statements

PA0401175394 Quito Voz de los Andes in Spanish 2300 GMT 3 Jan 93

[From "The Voz Andes" newscast]

[Text] The U.S. Government denied an alleged summons to Ecuadoran Foreign Minister Diego Paredes 12 days ago for him to appear before the State Department in Washington.

A communique from the U.S. Embassy in Quito stated the meeting held by Undersecretary of State Alexander Watson and Foreign Minister Diego Paredes was requested by the Ecuadoran minister and not by a summons from the Washington official. Undersecretary Watson did not summon Foreign Minister Paredes, said the diplomatic communique which sought to end a controversy which, besides Paredes, involved President Sixto Duran-Ballen and former president Leon Febres-Cordero.

After newspapers reported Paredes' visit to Washington on 22 and 23 December, Febres-Cordero said the objective of the visit was to heed a summons by the U.S. State Department and that he had firm evidence of the affair. The former president, who is the current mayor of Guayaquil, said Paredes was warned that U.S. aid could be suspended if a dictatorship was established in Ecuador.

Paredes contradicted the former president and asked him to present evidence to support his assertion and Duran-Ballen, after confirming his foreign minister's statements, asserted the whole affair was an idiocy produced by a sick mind.

Today Febres-Cordero complained about the adjectives and said Paredes' trip was suspicious, untimely, and inexplicable and said Duran-Ballen does not know what happens around him, including the field of foreign relations.

During an interview in Guayaquil, Duran-Ballen said: I rule the country in accordance with the Constitution and do not need to request permission from any country with regard to the actions I must undertake within the country or in foreign relations.

On Monday afternoon, the U.S. Embassy clarified the origin of the Paredes-Watson meeting which, according to the Ecuadoran foreign minister's version, was requested by him to review topics regarding bilateral relations.

According to former president Febres-Cordero's version, during the meeting Paredes was reprimanded for a supposed refusal of the Ecuadoran Government to execute the decisions made by Congress, thus, establishing a dictatorship.

Paraguay

Defense Minister Upholds President's Right To Veto

PY0401201894 Asuncion NOTICIAS in Spanish 3 Jan 94 p 4

[Excerpt] Defense Minister Hugo Estigarribia stated: "If abusing the right to veto means resorting to this institutional tool as many times as is deemed convenient, then I think the executive branch is going to abuse it, but only to the extent that Congress, too, abuses its powers."

The secretary of state also noted that the military law is flagrantly unconstitutional, as is the Council of Magistrates Law and radio broadcasting law, and added that the veto is democracy's natural mechanism to submit a difference of criteria or legal interpretation to a third state power. [passage omitted]

Senate Official Criticizes Wasmosy, Successive Vetoes

PY0401214894 Asuncion ULTIMA HORA in Spanish 3 Jan 94 p 4

[Excerpt] Referring to reiterated comments by President Juan Carlos Wasmosy on the obstructive attitude of the legislative branch, Second Senate Vice President Basilio Nikiphoroff said: "The president of the Republic, through these new attacks, seems to be taking preliminary steps to close Congress."

During a recent visit to Alto Parana Department, President Wasmosy had stated that Congress seeks to hinder the democratic process and to affect the dignity and honor of the Armed Forces.

The National Encounter senator added: "Frankly I do not understand this criticism because Congress has expeditiously debated 90 percent of the draft bills in a coordinated manner and approved all the requests for credits submitted to us; I honestly do not understand this attitude."

Nikiphoroff also criticized the executive branch's successive vetoes considering that in six months it vetoed seven draft bills that had been approved by Congress. Nikiphoroff said: "The president vetoes everything; however, we are not doing the same." [passage omitted]

Opponent Says Government Misjudges Current Process

PY0401194894 Asuncion ULTIMA HORA in Spanish 3 Jan 94 p 4

[Excerpt] The persistent aggressive language used by some executive branch members against Congress reveals a lack of understanding of the process we are undergoing. This was stated by [National Encounter] Senator Diego Abente, who thus referred to the defense

minister's comment that the president of the Republic will continue to make "abusive" use of his right to veto laws.

Sen. Abente said: "The veto is a constitutional tool that must be used moderately and with prudence. It may not be used only when the executive branch deems a draft bill unconstitutional."

Throughout history, this tool has been used in the world when the executive branch and congress' interpretations differ on how to solve a specific problem. [passage omitted]

Executive Branch Vetoes Laws But Not Proposing Any

PY0401195794 Asuncion NOTICIAS in Spanish 3 Jan 94 p 2

[Text] The Executive Branch has vetoed seven laws generated in Congress but, on the other hand, it has not submitted a single draft bill on its economic and social plans to Congress. The declared war between the two state branches is placing the implementation of basic laws for the state's legal regulation at stake.

The Executive Branch's declared war against Congress, which is reflected in the veto of laws of vital importance for the state's legal regulation, threatens to affect the country's political and economic panorama even more.

The Executive Branch, rather than proposing, has vetoed seven laws, of which two refer to social issues (expropriation of land), one is socio-economic nature (the rescheduling of small farmers' debts to the CAH [Agricultural Development Fund]), one related to the prison system, the radio broadcasting law, and, last, three of a political nature, that is, the Military Organization Law, the law banning soldiers and police from political party affiliation, as well as the Council for Magistrates (that the Executive Branch still has not vetoed but has threatened to do so.) [figures as published]

Due to its conflict with Congress, the Executive Branch seems to have exhausted its power to generate draft bills. In the economic field, for example, it has not submitted a single draft bill for the rationalization of its public expenditures.

Army Commander Reaffirms 'Absolute Loyalty' to President

PY0401175094 Asuncion NOTICIAS in Spanish 3 Jan 94 p 4

[Excerpts] Asked about the impact on the members of the Armed Forces of having a civilian as their commander in chief, General Lino Cesar Oviedo said: "If we remain within that command, it is because we are happy and content; otherwise we would ask for retirement."

Gen. Oviedo, who is the Army commander, pointed out that an officer who is part of the organization (referring to the Armed Forces) accepts being there because he is satisfied and content. [passage omitted]

Asked if he continues firm in his loyalty to President Juan Carlos Wasmosy, Oviedo said that should be taken for granted.

Oviedo added: "If we are under his command, we have no other alternative. All those under his command are loyal to him. The rules of the game ask for absolute loyalty, respect for the Constitution and the laws." [passage omitted]

Wasmosy, Colorado Party President Disagree Over Antelco Dismissal

PY0501004494 Asuncion RPC Television Network in Spanish 2300 GMT 4 Jan 94

[Text] An unexpected change has taken place in Antelco [National Telecommunications Administration]. According to Decree No. 1834, engineer Miguel Horacio Gini Espinola was appointed today as Antelco board of directors chairman, replacing Colonel Eduardo Yasuo Kishi Ichikawa, a general staff school graduate, who tendered his resignation from the post.

As a matter of fact, these changes within Antelco further aggravated the already tense relations between President Juan Carlos Wasmosy and [Colorado Party President] Blas N. Riquelme.

It was reported that the Colorado Party president challenged the removal of his brother-in-law, Jose Luis Yanez, from the Antelco board of directors.

It was reported that Colorado Party President Blas N. Riquelme went to Government Palace to visit the president of the Republic, Juan Carlos Wasmosy, and to challenge the removal of his brother-in- law, Jose Luis Yanez, from the Antelco board of directors.

This is the first time that I have left worried after an audience with the president of the Republic, the Colorado Party leader said.

[Begin recording] [Riquelme] We will discuss it. I will hold a news conference at the appropriate time.

[Unidentified reporter] What did the president tell you?

[Riquelme] No. I am telling you that I left worried.

[Reporter] Would you resign?

[Riquelme] Within the next few hours I will know what I will do (?to be able to) ...

[Indistinct questions by several unidentified reporters who speak at the same time]

[Riquelme] We will see. We will see.

[Reporter] Was your resignation requested?

[Riquelme] Thank you very much. No. That is all.

[Reporter] For party reasons?

[Riquelme] Party reasons.

[Reporter] Party issues?

[Riquelme] Party issues.

[Reporter] Was your resignation requested? Will you resign as party president? [end recording]

After talking with Riquelme at his residence, [Colorado Deputy] Ismael Echague explained the tense atmosphere and the concern over the tense relations between the president of the Republic and the Colorado Party president.

[Begin Echague recording] I am aware that there actually have been some setbacks. A request had been made, had been sent to the executive branch by the Colorado Party executive board president, Mr. Blas N. Riquelme. This request was not satisfactorily dispatched by the executive branch. Therefore, this caused the Colorado Party president's personal anger and prompted the drawing up of a communique that will be released within the next few hours. [end recording]

Nevertheless, President Juan Carlos Wasmosy stressed that there are no problems over the changes made at Antelco. He said he just exercised his constitutional rights to remove government officials and that his government is far from being dictatorial.

[Begin recording] [unidentified reporter] Blas N. said this. In his speech, he said ...

[Wasmosy, interrupting] That is his business. I just exercised my rights, to which a president is entitled. That's it.

[Reporter] What did you specifically do, Mr. President?

[Wasmosy] Nothing, gentlemen.

[Reporter] What was Mr. Blas N. Riquelme's attitude?

[Wasmosy] Ask him.

[Reporter] There has been talk that you removed his brother-in-law, Blas N. Riquelme's brother-in-law, Luis Yanez, Mr. Yanez.

[Wasmosy] Well now, I can do ...[changes thought] I believe I can reorganize all the organizations using my criterion. I am our country's administrator.

[Reporter] But Blas N. Riquelme asked you not to remove him.

[Wasmosy] Ask him.

[Reporter] Deputy Ismael Echague said a dictatorship is hatching at Government Palace.

[Wasmosy] This is Ismael Echague's business, miss. [laughs] The government is far from being dictatorial. Well now, good-bye. [end recording]

Concerning this issue, we must report that the news conference announced by Ismael Echague never materialized, although there have been successive meetings. A meeting is now being held at the Colorado Party president's house. Present at this meeting are other Colorado Party executive board members like Dr. Diogenes Martinez, Eugenio Sanabria Cantero, National Republican Association [ANR—Colorado Party] legislators, and ANR grass-roots leaders.

Let's wait for developments.

Executive Branch Confirms Gonzalez Rojas' Retirement

PY0401203394 Asuncion NOTICIAS in Spanish 2 Jan 94 p 2

[Text] Through Decree 1817, issued on 31 December 1993, the Executive Branch finally confirmed the retirement of Colonel Luis Catalino Gonzalez Rojas from the Armed Forces active service. His retirement had been agreed upon during a meeting of the Armed Forces' Promotions Board last 22 November. Another 50 colonels were also retired.

Col. Gonzalez Rojas was the first officer to charge Armed Forces officers with corrupt practices when he revealed the trafficking of stolen cars, which were taken to Bolivia through the Chaco region.

Lower Military Ranks Want Defense Minister Replaced

PY0401202594 Asuncion ABC COLOR in Spanish 4 Jan 94 p 7

[Text] Captains, lieutenants, sublieutenants, as well as NCO's and sergeants—who were asked what effect the elimination of food rations will have on the income of lower-rank officers—admitted that they will face difficulties because the bonus granted in exchange for the food supplies by no means covers the monthly food needs of an average family.

They added that this bonus will not cover many expenditures, and "we won't even by able to buy presents for Epiphany Day because we won't have any money."

They primarily blamed Defense Minister Hugo Estigarribia for this situation because he has never strongly defended the position of the younger officers, and added that they will request his replacement "because he is no good for that job."

They added that the Armed Forces, as a whole, needs a minister who will speak up and equally defend them all and not somebody like Estigarribia, who only upholds the post of military forces commander held by Vice Admiral Eduardo Gonzalez Petit and tries to justify General Lino Oviedo's participation in politics by saying that soldiers cannot be deprived of partisan ideals.

They also recalled that as soon as it was published that Armed Forces members were annoyed about the elimination of food rations, National Police officers reacted immediately and warned the executive branch about the serious situation that might occur within the force if their food rations were eliminated.

The consulted officers, in the form of a protest, answered: "While the police complain, soldiers are afraid and are incapable of even defending their interests. No high-ranking officer has stood up for his NCO's or sergeants, who will be affected most, because they have money."

They also explained that they have to pay for their uniforms and transportation out of their meager salaries. They reiterated that their superiors do not pay heed to their demands and added that nobody dares speak up out of fear of possible reprisals.

They wondered why the police are allowed to voice their opinion while soldiers have precise orders not to speak publicly on subjects related to their profession. The affected soldiers said: "Neither Oviedo nor Gonzalez Petit gave us any explanations; they only addressed Christmas and New Year's messages as if that were enough."

Peru

* Potential 1995 Presidential Candidates Viewed

94SM0156A Lima SI in Spanish 5 Dec 93 pp 8-13

[Unattributed article: "Profiles of 1995"]

[Text] The race for the presidency of the Republic has begun, although it appears to be a timid start, if we look to the public statements of the possible candidates. But if we had access to the intimate thoughts of each of the possible presidential candidates, it is certain that we would find a rather mature decision.

What stage has the battle for the 1995 presidency reached? The first certainty is that there are only 16 months left before the election date. The second fact, and this is perhaps the decisive one, is that the results of the referendum have not only altered the political map, but also seem to have mobilized the presidential ambitions of various individuals.

The scenario has certainly become more complicated, because the opposition to the government has become bolder. But it is also a fact that in Fujimori's party sector, more than one hopeful has emerged. Up until the date of the referendum, it was possible to foresee the launching of a single candidate by the entire opposition as the only proper card to play to defeat the current chief of state. Today the opposition appears to believe it is even strong enough to be spared the need to agree on a single alternative. But not only that. Now the possibility of a Fujimori party without Fujimori is developing more broadly than could have been imagined just a few short weeks ago.

Given this context, it is of interest to attempt to profile the first individuals to enter the field—Ricardo Belmont (RBC), Daniel Estrada, and Hernando de Soto.

Ricardo Belmont has already had a skirmish with Government Palace. It occurred last August, and the truth is, according to the surveys taken then and despite the limited attendance at the meeting convoked in Manco Capac Square in connection with what had happened, he did not do badly in his clash with the executive branch.

The IMASEN undertook a survey during those weeks that it we would do well to recall. To begin with, a very high 70 percent of the population of Lima admitted having "knowledge of the conflict between Ricardo Belmont and the president of the Republic." A substantial 53 percent believed that the government was failing to provide Belmont with the resources needed for the administration of his department. And further still, about 27 percent were convinced that the government was not giving the mayor the needed resources "because Belmont might be successful as a candidate for the presidency." Not even water could be clearer. And it should be no surprise that "Hermanon" has very carefully evaluated the positive results of these encounters with Engineer Fujimori (AFF).

However, in that same month, the IMASEN compared AFF and RBC as presidential candidates. The former won out, with 58.7 percent as compared to the 20.8 percent for the mayor of Lima. Now "El Colorao" may be thinking that the referendum has broadened his space and that the months still remaining before the electoral date may favor him even further. This man always "thinks positive."

But in the most recent issue of IMASEN CONFIDENCIAL (November 1993), the administration of the mayor of Lima received good marks—an approval rating of 61.4 percent as compared to a rejection rating of 31 percent. (This survey was taken exclusively in Lima.)

The conclusion reached by this same survey organization is that Belmont is maintaining his position, and that his approval rate is improving in the lowest stratum and declining in the middle-upper strata. This means, of course, that he would be a candidate who would for the most part eat into a portion of the same social strata as the current incumbent in Government Palace.

However, Belmont's possible candidacy raises several questions. Thus far it has been a phenomenon limited to Lima (although it is true that he enjoys broad acceptance in the poorer sectors). He has not, therefore, had an opportunity to assess how well he would be accepted in the country's provinces, which are today so sensitive to the centralism in Lima.

Another matter of concern regarding Belmont is his habit of improvising. A few days ago, he made the statement during a political program that a political platform for governing should be drafted by technicians, who could readily be hired on contract. This statement, of course, reminds us of one made by Luis Bedoya Reyes some decades ago now.

All of this seems to the mayor of Lima to be a matter of image and "projects." As for the rest, as he says, it would be up to the technicians hired. All of which is, naturally, highly debatable, when it comes to managing a city like Lima, and to an even greater extent, when one is trying to administer a country.

This characteristic, which has heretofore been a part of RBC's charismatic "spontaneity," might be a highly vulnerable point when he is compared with other candidates who appear more solid and combine proposals with image. He has, moreover, revealed this more dangerous side when, for example, candidates lacking any prior knowledge about or evaluation for their positions have been chosen. There have been such flagrant instances as those involving Jorge Vasquez, in Villa El Salvador; and Jose Rubio, in San Martin de Porres.

A few months ago, Belmont said that he would not run as a candidate for the presidency. And that he was not very comfortable in a tie, or in a suit, either, while men like Carlos Bolona could indeed wear them much more naturally. The allusion could not be clearer. If the candidate was the issue, he already had his own. The former minister of economy favored him, and very nearly put his name forward. What has changed between that time and the present? Perhaps it is that Fujimori no longer seems to Belmont as monolithic as before, and that his second municipal experience has convinced him that he is now ready to play in the first division.

One could also surmise that Belmont's affinity for Bolona has not dwindled, that he is teamed with "Car'e bebe," and that they might well join together on a single "super-Lima" platform.

But what does Belmont offer that differentiates him from Fujimori? RBC maintained a notable level of agreement with Government Palace until he ran for office a second time at the beginning of this year. It will readily be remembered that when Pablo Gutierrez, the candidate of the government party for the position of mayor of Lima, was headed downhill, AFF could find no better alternative than to throw his support to RBC. It is also a fact that in this instance, Belmont was very cautious, and made it clear that no one owed anybody anything, and that he had won thanks to his own efforts. But the internal coup of 5 April and many of Fujimori's measures had already won the support of the municipality.

Belmont then is the man who might say he offers as an alternative a Fujimori movement without Fujimori, probably in an attempt to show that the difference he would make has to do with respect for the autonomy of the institutions. The difference would be, then, more one of style and communication methods than one of political proposals.

Would the business community in Lima support a candidacy like that of Belmont? This remains to be seen. It will depend on how much strength he gains in the coming months, and what he can offer the businessmen. The mayor's ambitious program for rebuilding historic Lima will not, of course, be enough.

Another candidate who has practically joined the race is Daniel Estrada. The mayor of Cusco is up to a point the anti-image of Belmont. Perhaps it is not, therefore, without reason that his anticentralist ideas are identified, under some circumstances, with an anti-Lima attitude.

As is obvious, Estrada wants to garner the provincial votes, and he recently spoke of the need to achieve a major pact involving various regional sectors in order to defeat the central power. The results of the recent elections give him a basis for this venture, particularly since that, precisely, is Fujimori's weak point.

Estrada's credentials are based on his successful municipal administration record in the city of Cusco, and he intends to increase his appeal with his anticentralist proposals, now combined with a plan, debatable in the eyes of many, for a federal Peruvian state. However, his current strength may also prove to be a hindrance to his broader national acceptance.

Estrada is not like any other anticentralist leader, since he insists on emphasizing the heritage and representation of the ancestral Cusco. The question arises as to how he would integrate this particular characteristic with a national debate and plan that would not only include the other regions, which are so dissimilar and so "regionalistic," but also Lima itself, with its highly diverse population.

On the other hand, could the interregional pact he so much desires be achieved? The first obstacle is the difficulty of obtaining the support of the other regional leaders who have party affiliations, like Jose Murgia, of Trujillo, or whose representation is clearly local, with roots more in the coastal population than the Incas, such as Tito Chocano, the mayor of Tacna.

It must also be remembered that Estrada makes no secret of a style that is sometimes authoritarian. During a recent television appearance, he justified the events of 5 April and criticized the old parliament harshly. His only criticism of Fujimori's authoritarianism was that it was too cold and "robot-like."

It is difficult to imagine what the mayor of Cusco would do if he were installed in Government Palace. There can be no doubt that an anticentralist policy would be promoted at full speed, but what is unknown is what his institutional administration would be like, and what his

relations would be, with the parliament, with the political parties, and with the Armed Forces, for example. The same can be said about his economic policy. The unknown factors predominate, but there are still several months remaining in which they could be clarified.

Carlos Bolona (CBB) is another individual who is making incursions in the party sector. It is said that there is one group of businessmen who have confidence in him, and that these individuals are prepared to play him as their card in the hope of replacing Fujimori.

Bolona has established his institute, and he issues rather regular opinions on current political subjects. The profile of his possible candidacy is for the time being less clearly drawn that of the others. But his interest in the presidency has been more or less obvious for some time now.

The leading credential CBB has to offer is his administration as head of the Ministry of Economy and Finance. This action, which won applause in one sector, provoked criticism in another. As a result, it is quite probable that if Bolona should in the end be persuaded to launch his candidacy, he would have to broaden his base of support. He would need a good running mate—perhaps one of provincial origin, and a "marketing campaign" to modify his very capital-oriented image and his apparent extreme closeness with wealthy business sectors.

The support of General Jaime Salinas Sedo's precandidacy by Javier Valle Riestra and Gustavo Mohme represents the initial effort to clarify the image of the most obvious opposition candidate today. Salinas Sedo could be the "more combative" candidate Fernando Belaunde is demanding to oppose Fujimori.

Without a doubt, his candidacy represents the polarization of the government and the current high military commanders. There are basically two obstacles for Salinas Sedo at the present. One is winning over the more centrist sectors that are less radical in their opposition to the government, and the other is overcoming the problems of a legal nature that could be put forward formally to block his candidacy.

"Get Ready, Get Set"

Hernando de Soto also seems to be adjusting his stance at the starting line. Last week, he made public his proposed constitutional reform by popular initiative. This week he announced that next Tuesday, the Freedom and Democracy Institute (ILD) and the popular institutions supporting his proposal will launch a campaign to obtain the 35,000 signatures the new constitution requires in order for the Congress to consider the possibility of amendment.

Last week he also paid a visit to the premises of the CUAVES [Urban Self-Management Community of Villa El Salvador], and the National Agrarian Confederation published a statement praising the ILD initiative. On the day of the press conference at which the reform proposal was announced, the presence of some well-known peasant leaders who were active for years in the leftist sector, such as Marcial Quintana and Jorge Arevalo from Piura, was notable.

The organization of a meeting of 400 delegates representing the social organizations throughout the country scheduled to be held on 18 and 19 December to rally support for the reform proposal set forth seems to be the last step in this first stage of preparations for the probable candidacy of De Soto.

And so his electoral strategy would begin with advocacy of a great concerted union among the representatives of all the sectors of society. As an alternative to a concertation based principally on interparty agreement, the president of the ILD proposes a union supported by the base-level movements.

A careful consideration of their proposals reveals that neither Belmont, nor Estrada, nor De Soto is urging an agreement achieved mainly by the parties, although De Soto may perhaps be the individual most desirous of clarifying his disagreement with the so-called "partidocracy."

De Soto's proposal combines economic liberalism and democratization of the state. In a way, it is another version of a Fujimori platform without Fujimori. The president of the ILD not only collaborated with the present chief of state during a certain period, but has also given explicit support to the government's economic policy. In this realm, De Soto has let slip some criticisms of government improvisation. He has, for example, expressed his annoyance at the lack of serious effort to promote projects such as substitution for the coca leaf as a crop. However, he has endorsed the central aspects of the program.

The basic disagreement with the current regime he is attempting to demonstrate has to do with the democratization of the state. In this connection, his proposal for constitutional reform calls for the establishment of closer links between society and the political regime.

The challenges facing his possible candidacy begin with the need to ensure that his image "catches on" with the national electorate. Unlike Belmont and Estrada, De Soto has not run for political office previously. He does not, therefore, have a reference point on the basis of which he can project his image as a government leader.

One unknown factor is how his liberal economic proposal will sit with the middle and small businessmen's portion of the national business sector, so as to avoid its ending up as a simple neomercantilists' adjunct—a dilemma the Fujimori government is definitely faced with at present, whatever one's view of it may be.

A Hibernating Candidate

Perez de Cuellar (JPC) is in a state of hibernation, but he has not by any means vanished as a possible candidate. According to the most recent surveys on the subject, JPC

is the individual who appears to be in the best position to challenge AFF for the presidency in 1995.

In addition to that, the opposition parties in the CCD have given him their support, and he may very well be endorsed by the sectors that voted "yes" in the recent referendum but have lost confidence in Fujimori. JPC's great difficulty is that he has made a great consensus a prerequisite, and it appears that achieving this will be very difficult.

Perez de Cuellar has confirmed that he will visit Peru in the middle of December. He will be here for some weeks, and will utilize the opportunity to test the air.

During his earlier visit, he met with leading personalities who wanted him to run for the presidency. This meeting took place at the home of the painter Fernando de Szyszlo. It is not known if he will attend similar meetings this time.

Uruguay

Lacalle Optimistic About Mercosur, Pessimistic About Europe

PY0401151094 Madrid EFE in Spanish 1618 GMT 1 Jan 94

[Article by Alberto Pepe Leira]

[Text] Montevideo, 1 Jan (EFE)—In an interview granted to EFE, during which he analyzed the 45 months of his government and the local and international situation, Uruguayan President Luis Alberto Lacalle stated that Europe is heading toward a not very bright future, a period "very similar to that of 1930, closed and with a sense of xenophobia."

He also expressed his optimism over the possibility of overcoming the common import tariff obstacle within Mercosur [Common Market of the South] and the implementation of the integration process among his country, Argentina, Brazil, and Paraguay as of 1995.

Lacalle attributed the inadequate results of the Uruguay Round of the GATT (General Agreement on Trade and Tariff) talks to the protectionist measures imposed by Europe, while locally he discarded the representative nature of the Chamber of Industries and the main union central, which is controlled by the left, which have joined forces to criticize and pressure his government.

According to the Uruguayan president today's world is quite different from the one that existed when the Uruguay Round was created in Punta del Este in 1986.

He said: "Copernican changes had taken place, and the impetus given by Uruguay at the proper time was very important, as there were times of optimism and of development in the most important economies, with the purpose of making trade more sustainable."

He added: "Today we are facing a very recessive Europe, which has prevented the Uruguay Round from acting in a more positive manner in the world economy."

Lacalle was more optimistic within the South American framework, and said that Mercosur will finally be consolidated.

"We have one obstacle left to overcome—the common import tariff—and with a little bit of realism we will be able to come to a decision according to the countries' interests. I think we have achieved a lot within Mercosur, and must not forget that we have been working on it for only three years," he said.

Lacalle added: "Intrazonal trade has multiplied, and in our country it has been the great shakeup causing many people to start thinking of the future and of investing. I already consider it a success, and hope that when we presidents meet we will be able to make a similar judgment."

Concerning reactions against his government by industrial businessmen and union leaders, he said "they startle me," because we have reached the lowest historical level of unemployment and the highest level of investment in the past 20 years.

Lacalle said he considers very important "the 15 percent economic growth of the gross domestic product in this stage of government action."

He stressed the continuous drop in the unemployment rate, which in 1993 had an average rate of 8.4 percent, the greatest drop since 1981.

"Unemployment has been reduced, and therefore if it were not allied to political interests, the union organization PIT-CNT [Interunion Workers Plenum-National Workers Convention] would have been saying that this employment policy is best for workers," he said.

He said that "in Spanish terms we would say that a policy that reduces strikes must be praised by the union organizations, but we all know that we are in a somewhat peculiar country, and I have no doubt there are obvious political intentions on the part of the PIT-CNT which do not represent the majority of Uruguayan workers."

Concerning the Chamber of Industries, Lacalle said that it does "represent some industries, because I know other businessmen who tell us that the sooner we accelerate the opening process the better."

The Uruguayan president added: "I therefore see that in the exercise of liberty which is so valuable for us, we have opinions which I do not believe to be the exact expression of the large sectors which they are said to represent."

"The results of the last 45 months are emerging in a positive light, because what we had seen before from the government is now being seen by the people as part of a consistent, clear, and stable economic policy," he said.

Lacalle insisted that his government practices "social liberalism" despite its policies being characterized as "neoliberal," which is traditionally understood as "opposite or at least contradictory to social-oriented policies."

"However, the arrangement of finances and of the deficit, the foreign debt renegotiation, and fiscal prudence have gone hand to hand with a doubling in budget resources assigned to education and health," he said.

He added that despite having a minority in Congress, and having organized a plebiscite against the partial privatization of state companies, his policy "has brought, to the extent possible, a considerable improvement in public finances and administration."

"Taking into consideration all these problems, the results appear to be much brighter because they are obtained in the midst of great difficulties," he said.

Lacalle expects that 1994 "will not be a year off because it is an electoral year, as three months are more than enough for an electoral campaign."

According to the president the executive branch will send to Congress important initiatives, and he expects their approval "in a year which has no reason to be unproductive."

Venezuela

Nine Inmates Die in Aragua; 40 Escape From Tocoron Jail

PA0501020494 Caracas Venezolana de Television Network in Spanish 2350 GMT 4 Jan 94

[Report by Melisa Soto; from "The News" newscast]

[Text] Nine inmates and one National Guard member have died in Aragua State, while 40 prisoners have escaped from the Tocoron Jail through a tunnel which they built.

Director of Prisons Dora Bracho de Briceno has confirmed this when asked about the current situation of the country's (?32) jails, which house approximately 25,000 inmates. In that regard, she said that her office has instructed the National Guard to adopt the necessary emergency measures in all of the country's jails to prevent a repetition of the recent incidents in Maracaibo. She added that the situation in Ciudad Bolivar Jail—where inmates began a hunger strike, demanding better conditions—is under control; finally, she said that what occurred in Sabaneta should be a lesson for the government and society.

[Begin Bracho de Briceno recording] There are five types of inmates, all under one roof. This is what has caused the current situation; in addition, there is only one jail for the entire state, which is inadmissible due to the large distances between one place to the other. In certain cases inmates must travel eight, nine, or 10 hours to appear before a court; an example of this is Santa Barbara de Zulia, where there are 115 prisoners. [end recording]

Bracho de Briceno will travel to Maracaibo today to assess the situation at the Sabaneta Jail. It was also learned that the National Guard has been instructed to adopt emergency measures in all of the country's jails to prevent a similar tragedy.

Prison Riot Leaves 105 Dead; Justice Minister Comments

PA0501024794 Caracas Venezolana de Television Network in Spanish 2350 GMT 4 Jan 94

[From "The News" newscast]

[Text] According to official reports, 105 people have died as a result of the riot in Sabaneta Prison, and approximately 60 more were injured; some of the injured have said that the massacre was planned inside the prison.

Firemen are still in front of the prison caring for inmates who jumped from the third floor of the prison to avoid a raging fire and sustained broken bones. Some of them do not know how the massacre started; others say that hooded individuals initiated a war that culminated with the death of innocent people. Apparently, the people involved in these incidents are very dangerous.

[Begin recording] [Lieutenant Colonel Aldo Bocony, Zulia State National Guard commander] We removed the bodies of 101 inmates and 49 injured people yesterday. Of the 49, two died later. The official count so far is 103 dead. There are 15 inmates registered in various local hospitals right now.

[Judge Salvador Cubillan] This was the result of a vendetta from inmates in the rehabilitation area of the prison against inmates in another area.

[Unidentified reporter] Why a vendetta?

[Cubillan] For having banning visits Sunday, when shots were fired; as a reprisal, these inmates tried this.

[Reporter] How many bodies have been identified?

[Cubillan] Approximately 60. [end recording]

Once informed of the tragedy, Justice Minister Fermin Marmol Leon arrived in Maracaibo to meet with Governor Lolita Aniyar de Castro and to inspect the prison. Marmol Leon said that in view of this situation, security measures will be adopted. These measures include the transfer of certain inmates to other prison centers as well, and, most important, as thorough changes in the prison directorship. [sentence as heard]

[Begin recording] [Marmol Leon] Perhaps our judicial processes are too slow. I do not want to say that the Judicial Branch is to blame for what has happened. I am going to present to the new Congress a bill calling for

reforms to the criminal trials code so that this procedure can move faster. Perhaps this will help those being tried.

[Aniyar de Castro] We are going to appoint a new team to direct this prison and a new guard personnel. We have been in contact with the Rafael Urdaneta Center, which is in charge of building new prisons, so that it will build a prison as soon as possible, perhaps before December, even if only half of the cells are ready at that time, and we are going to use space available in the National Prison, which was partially set on fire, to take some preventive measures that will help until the new prison begins functioning. [end recording]

Regarding this massacre in the National Prison of Sabaneta, Maracaibo, it has been reported that the prison system director will be arriving in Maracaibo within the next few hours to initiate the transfer of the individuals responsible for this accident, which has shocked both the national and international public.

President Guarantees Rights to Coupists in Exile

PA0401194594 Caracas Venezolana de Television Network in Spanish 1550 GMT 3 Jan 94

[From "The News" newscast]

[Text] In order to facilitate the pardoning of soldiers who participated in the 4 February and 27 November coup attempts, President Ramon J. Velasquez urged them to abide by the law so that decisions in that regard can be made within the legal framework.

President Velasquez is studying the possibility of issuing a new list of soldiers to be pardoned, including officers who sought asylum in Peru. He invited them to return to the country, guaranteeing their safety. He stressed that Venezuela is ruled by laws based on the Constitution, which is a guarantee for all Venezuelans.

Roundup of Economic Developments Through 4 Jan

PA0401210494

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 4 January. Source is cited in parentheses following each item.

On 28 December, the Central Bank of Venezuela (BCV) auctioned 4 billion bolivares ($37.77 million) worth of "zero coupon" bonds. The bonds, due on 30 March 94, will have a yield of 50.54 percent, two points less than the previous week. Brokerage firms took $22 million worth of the bonds, financial firms $8 million, and commercial banks $7.7 million. (Madrid EFE in Spanish 2208 GMT 28 Dec 93)

The Central Statistics and Data Processing Office (OCEI) reported on 29 December that unemployment in Venezuela at the end of 1993 was 6.6 percent, while the so-called "informal sector" of the economy grew by 116,700 jobs and employed 40.8 percent of the working population. OCEI also reported that the economically active population totals 7,582,345; 93.4 percent were employed during the second half of 1993. It added that the government eliminated 65,000 jobs and employed 1,198,611 workers, 16.9 percent of the country's work force. (Madrid EFE in Spanish 2112 GMT 29 Dec 93)

Energy and Mines Minister Alirio Parra said the state budget for PDVSA (Venezuelan Petroleum) for 1994 is 1.065 trillion bolivares, based on a price per barrel of oil of $13.50. Profits are expected to be approximately $12 billion. He added that 1994 exports will be 2.23 million barrels per day and that the operational objectives of the budget aim at increasing the country's reserves by 172 million barrels through exploration of new areas. Regarding PDVSA's affiliates abroad, the minister said they should net $142 million with an investment of $536 million. (Caracas EL UNIVERSAL In Spanish 31 Dec 93 p 2-6)

The BCV reported on 2 January that Venezuela's international reserves dropped $324 million during 1993, closing the year at $12.677 billion. However, the reduction of international reserves in 1993 was still less than the reduction registered in 1992 when they dropped $1.104 billion. In December 1993 Venezuela's international reserves increased $261 million. (Paris AFP in Spanish 2241 GMT 2 Jan 94)

The BCV reported on 3 January that 1993 inflation was 45.9 percent, the second highest in 35 years, surpassed only by the 81 percent inflation rate registered in 1989. The BCV added that in December prices increased 3.6 percent. The state bank also reported that implementation of the value-added tax in October caused the inflation rate of December to increase 0.4 percent, less than the 0.6 percent November increase. Inflation in 1993 surpassed the 1992 rate—31.9 percent—by 14 points; it is expected that in 1994 it will drop and remain between 35 percent and 40 percent. (Madrid EFE in Spanish 2124 GMT 3 Jan 94)

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.